

Richard Hamilton

by WILLIAM PACKER

The Serpentine, in its winter season, seeks to deflect our attention from the debutant towards the artist, not less deserving whose work may be better known and reputation established: a safe policy perhaps, but one that affords us valuable opportunities to re-examine and reassess our prejudices and opinions. Indeed it is especially useful in the case of an artist who not only is well-known, but widely held to be of marked importance. We must make sure the Emperor is not naked.

The exhibition now filling the Arts Council's Serpentine Gallery is shared equally by two artists, Richard Hamilton and Mark Boyle. Hamilton is a painter who must figure prominently in any survey of British art of the last 25 years; rightly so, for his influence as a teacher has been strong and far-reaching, particularly in those areas of avant-garde activity engaged on, the one hand, with conceptual ideas that stem from the intellectual Dadaism of Marcel Duchamp (whom he elevated to the rank of arch-guru), and, on the other hand, with the investigation and exploitation of modern technical processes. As an innovator, too, in the 1950s he established effectively the claims of Pop Art as a serious counter-weight to abstraction and formalism. Figurative painting is in his debt.

But influence and historical significance are quite distinct from actual personal achievement. We are not necessarily capable of carrying into practice exactly what we preach. Good ideas do not always mean good art. Seen piecemeal in successive shows over the years, Hamilton's work was always engaging and stimulating, for the freshness and vitality of the ideas rather than any formal accomplishment. It was heady stuff and we were inclined to be charitable. But brought together in a large retrospective, held at the Tate some five years ago, the conjuring trick did not work so well. There was the puff of smoke, all right, but we could see through it. Doubts crept in that have proved hard to dispel.

There was the persistent repetition of each formula that ultimately merely varied instead of reinforcing the particular performance; there was the dependence upon mechanical technical devices, so that the execution of the work was no longer his immediate responsibility. His intervention being late and superficial, and his preoccupation with content was essentially literary, not visual. It was an accident that the most convincing and intriguing statement of Hamilton's attitudes and interests was made not by the works on the walls but by the documentary film of his activities.

So much was apparent in 1970,

and now things are worse. Hamilton is a great manipulator of received imagery, and has always been fascinated by postcards, photographs, film, advertising copy, the whole ad-mass machine: but he appears to want a reputation as a painter, too. Unfortunately his painting is crude, and he does not draw particularly well. But he adds with his chosen vehicle, adding daubs and dribbles of paint of a disarming preciosity, stopping well short of any real difficulty, and the smoke-screen laid down by subject-matter and process is some sort of protection. Indulgently repetitive, as though we should be surprised by the possibilities afforded by colour separation techniques, and over-whelmingly competent, he achieves an easy and distracting friction through his pre-occupation with defecation: turds on the beach at sunset, pretty girls surprised among the bushes, flower pieces and lavatory paper.

And all the time the energetic rationalisation goes on, coming between Hamilton and any direct confrontation with the problems

of realising an image on a flat surface. He has every right to do what he likes, but none to ask us to take his work seriously as painting or drawing. One of the rooms at the Serpentine is devoted to the flower-pieces. Hamilton worked not from life, but from a stereoscopic postcard of a flower arrangement, which he then modified. Perhaps the last words on the subject had best be his own: "Nothing is more likely to stimulate my interest in a new subject than to notice a major pictorial genre that I have left unexplored. Over a period of twenty years or so the main classes have been covered: interior, nude, portrait, landscape, seascape, architecture, still-life, self-portrait—these are usually seen first as categories and that recognition has been sufficient justification for their pursuit."

Mr. Hamilton also has some interesting things to say about his turds, but perhaps you would prefer to save them, to see for yourselves. The show remains open until November 2.

Covent Garden

Romeo and Juliet

The autumn ballet season began on Wednesday at Covent Garden, and the first of the season, *Romeo and Juliet*, took the stage looking fresh, tautly played by the whole company, and led by Makarova and Dowell. Their individual performances are superb; their joint interpretation of the drama one of the marvels of our ballet. It is a matter of complete physical and emotional trust. They play to each other as if discovering love, youthful passion and heart-tearing tragedy for the first time: they are the star-crossed lovers for the brief space of the evening and we rejoice and suffer with them.

Makarova shows us every step in Juliet's journey from girlhood to physical maturity, from the quicksilver child of the first scene to whom the presentation of a fiancé is a lovely game, to the distraught woman whose life ebbs away in the tomb.

At the ball, the first encounter with Romeo is explained in her long unflattering gaze at him, the room which seems like a question to life itself. She starts to feel emotion as he carries her at the end of her solo, and in their later, surreptitious meeting he holds her high in the air, then, as he lowers her, Makarova's arms beat the air, and she soars again as if born up on this new-found joy.

The lovers circle and swoop around each other, drawn together as if magnetised by passion. The consummation of their love which opens the third act is like great lyric poetry; the choreography celebrates the strength of physical attraction, but it is haunted by the impossibility of their union and the inevitability of farewell. Dowell's Romeo hangs on to some shreds of reality; Makarova's Juliet is consumed by her feelings, and the whole later development of the act is sustained by her fierce impetuosity and despair. In the crucial scene when she sits frozen on the bed, Makarova seems to sink into herself in search of strength, which she finds for the great run to Friar Laurence—a run so beautiful in impulse, so heroic in outline that it alone is worth your ticket money. The end of the scene, the interview with Paris when she seems like a ghost in his arms, the almost arrogant acceptance of fate, and the taking of the potion, are dance acting of unique power. And in the tomb, both artists achieve a fevered despair that can only be resolved by death. It is dancing of greatness, and we can but marvel at it. Strong company support is there throughout the act, and the score, played by the orchestra, is superb. The performance is Makarova's and Dowell's, and they are glorious.

CLEMENT CRISP

Alternative views of love and death

by NIGEL ANDREWS

and Death (A) ABC, Shaftesbury Avenue
Romantic Englishwoman (A) Plaza One
The Bullet (A) Odeon, Leicester Square

cin history is having a time of it in the movies. Two weeks after *Brooks' Irreverent rip-off* of *Chaplin's Russia*, the *Chairman* Woody Allen London filmgoers his vision of life under the during the 19th century. full costumes, exotic locations, and a budget larger than that for any previous films make *Love and Death* Allen's most ambitious to date. It's also one of the most: an attempt to set up the world of *Madame T* and Tolstoy, and of polemic wars, that works as a film, by playing off the anachronisms and quips of the treatment. *Brooks' Irreverent rip-off* of *Chaplin's Russia*, the *Chairman* Woody Allen London filmgoers his vision of life under the during the 19th century. full costumes, exotic locations, and a budget larger than that for any previous films make *Love and Death* Allen's most ambitious to date. It's also one of the most: an attempt to set up the world of *Madame T* and Tolstoy, and of polemic wars, that works as a film, by playing off the anachronisms and quips of the treatment.

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is funny regardless of next (the opening finds us to be executed by a squad at six in the morning was going to be five, have a smart lawyer, len's own comic performance becomes richer with m. More and more he like a miniaturised com all three Marx Brothers talk of Chico, the son of Harpo, the son of Groucho—and in *Love and Death* is the film from ever is a monotonous pastiche comedian's ability to use as a springboard for other humour. The verbal

are certain areas of convention, currently into cliché, that one to see marked out for target practice by Mr. ne is the English bourgeoisie of manners, oseph's, of which the most fatigued ex- The Romantic English- Ripe for parody, this ind of film that gives stion a bad name: characters exchanging t enigmatic dialogue in of smart but opaquely hobic settings; the directing the audience the o seeing it all as some

kind of doom-laden swan-song of the affluent Western middle class.

Some years ago, Losely made the excellent *Accident*, which his new film, in kind if not in quality, bears a distinct resemblance. Once more the setting is a well-appointed house in a privileged belt of the English countryside: once more the main characters are an educated married couple one of whom is suffering from the menopause; a brief affair takes place between them—or does it?—and Miss Jackson returns to Weybridge and novelist husband Michael Caine, a revived woman. No sooner has she settled back into domestic bliss, however, than Herr Berger turns up on their doorstep. After accepting an invitation to tea and dinner, he decides to stay on indefinitely, taking a job as Caine's secretary and continuing his covert attentions to Miss Jackson. The last section of the film has the additiveness taking off together for the South of France, with Caine in hot pursuit, and Berger's underworld rivals not far behind.

Glenda Jackson is the spouse in question, holidaying in Baden-Baden to escape the domestic stupefaction of life in Weybridge. Here she meets gigolo and drug smuggler, Herr Berger. A brief affair takes place between them—or does it?—and Miss Jackson returns to Weybridge and novelist husband Michael Caine, a revived woman. No sooner has she settled back into domestic bliss, however, than Herr Berger turns up on their doorstep. After accepting an invitation to tea and dinner, he decides to stay on indefinitely, taking a job as Caine's secretary and continuing his covert attentions to Miss Jackson. The last section of the film has the additiveness taking off together for the South of France, with Caine in hot pursuit, and Berger's underworld rivals not far behind.

It's a film that's best discussed by parcelling it out in sections. The opening sequences in Baden-Baden are effective, in a Marie-Louise way, sumptuous trompe-l'oeil interiors providing an apt setting for the prologue's trompe-l'oeil chain of events. (Was Miss Jackson seduced in the hotel lift or was she not?) The middle part of the film, set in glaucoma-Jaguar Surrey, has some sallow throwaway wit and some nice scenes of social party passion. But the last part of the film is a virtually complete write-off: romantic driftings through Mediterranean scenery mixed up with much cloak-and-dagger intrigue, and ending with one of those unresolved-but-seem more likely to be the result of writer's sloth.

I don't know if Losely is setting out to show us how best to do the bourgeois. "The bourgeois life has its compensations," quips Caine as he offers Berger an after-dinner cigar, to which his guest replies "what would it be without them?" Long-distance sniping like this doesn't tell us very much about the film's socio-moral point of view, but it does suggest a certain mannerism like mirror shots and compositions that artfully frame the film's outré furnishings (design by Richard Macdonald). Losely may not have the sequences are clumsy like the characters in *Accident*, but he seemed at least to be interested in them. Here he seems more involved with the decorative marginalia of their life-styles than with what might be going on inside their heads.

Much of the blame must go to the screenplay, which was written by Tom Stoppard and Thomas Wiseman from the latter's novel. With the comic banalities of its dialogue, and the familiar theme of the mysterious interloper, it could almost be mistaken for a *Pinter* script. But *Pinter*—who wrote *Accident*—would never have left the story's structure in such a dilapidated, piecemeal state, or have reduced to such a cipher the character played by Helmut Berger. Losely may be one of the more creative individual film-makers currently working in Britain, but *The Romantic Englishwoman* shows him to be no less dependent than his colleagues on a worthwhile story and a worthwhile script.

Bite the Bullet is Richard Brooks' Western about a 700-mile endurance horse-race in which a dozen or so riders compete for a first prize of \$2,000. Riding marathons



Woody Allen in 'Love and Death'

of this kind actually took place in America at the end of the last century, but the film assures us that this one is strictly fictional. So I should imagine, with a selection of adventures as colourfully implausible as any Western of recent years, and a cast of characters of the representative, all-human-life-is-there variety that only Hollywood could muster.

Chief contestants are Gene Hackman and James Coburn as two ex-army buddies determined to beat each other to the finishing post; Candice Bergen as an ex-prostitute with an ulterior motive for entering the race; Ben Johnson as a saddle-stained veteran called "Mister"; Jan Michael Vincent as a fast and

trigger-happy youth who learns the virtues of self-control from his elders; and Ian Bannen as a blustery caricature of an English squire.

Since the contestants fall out of the race strictly in order of star system juniority, there are no prizes for guessing the two characters left to fight it out at the finishing line. Bite The Bullet is rather short on surprises most of the way through. The idea of a marathon horse race is promising enough: an equestrian version of *They Shoot Horses, Don't They?* It could happily borrow that earlier film's title. They not only shoot horses in this film, they tripwire them, punch them on the head, ride them to the point of

exhaustion and later them picturesquely with foam.

But cruelty, alas, is no substitute for excitement, and nothing can disguise the fact that Brooks' screenplay is a series of rather dreary sub-plots glued together to hide the fact that the main plot itself is virtually non-existent. None of the film's stars has time in the to-ing and fro-ing between different riders' progress to build an effective characterisation; and although the film is handsomely photographed (by Harry Stradling) and the stunt work is of a high order, at 21 hours long the film sometimes communicates the mood of an endurance race rather more vividly than it might have wished.

Belgrade, Coventry

Dirty Giant

by MICHAEL COVENEY

Not content with leaving bad British musicals to the West End, the Midlands Rep has come up with a gruesome specimen of self-conscious, bludge guaranteed to make you start jolting for the good old days of John Huston and Zuzi Greyson. Posing as a rock musical, the thin story-line centres around the unscheduled arrival of a pop star and his manager (yes, they're fresh out of petrol) at a sleepy Dorset village. The village has a rum pop group, Dirty Giant, whose lead singer, Ray, interprets this accident as a trick of Fate, certain to result in fame, riches and Wembley concerts. Ray's girl, Susan, is taken for a ride by the stinky Daniel, but what Daniel doesn't know is that his manager is Susan's father. The plot shakes out into a sleazy melodramatic confrontation with Ray brandishing a shotgun under Daniel's nose. But all of course, turns out well and the Dorset duo "find their love."

William Gaunt's production abounds in shaky singing and badly executed dance routines. Not for a minute does the stage presentation succeed in transforming the tatty idealism of the group into a statement to expose that taintiness. Terence Hillier as Daniel prances around with an appropriate air of Cockney indifference and William Dalton as Ray is eager and willing as Ray. But the rest is best quickly forgotten. Only one line of the script sticks in the memory: when Susan tells Ray she has gone on the pill for a cost of \$9.00, Ray charmingly suggests that the more she is eager and willing as Ray. But the rest is best quickly forgotten. Only one line of the script sticks in the memory: when Susan tells Ray she has gone on the pill for a cost of \$9.00, Ray charmingly suggests that the more she is

The major disappointment in an evening full of them is that authors John Burrows and John Harding have failed to scale their material to the sort of proportions with which they are best equipped to cope; their shows to date have been full of precise, satirical observation and friendly good humour. And by appearing themselves, they have tainted their vision of post-war meretricious society to their own considerable talents as performers. In their last show, *Loud Reports*, they were joined by pop musician Peter Skellern. Skellern has anticipated a sequel.

Festival Hall

Vasary, Sanderling

by DOMINIC GILL

At the New Philharmonia's concert on Wednesday under Kurt Sanderling, Tamas Vasary took the place of an indisposed Claudio Arrau as the soloist in Chopin's E minor piano concerto. It was by any account a good performance: but at barely 10 hours' notice, it was a splendid one—strong, warm, clear-fingered, steady in his grip of the music.

Perhaps Vasary is a pianist who responds most keenly to this kind of challenge: his playing here had real force and character, every shade of the loudest line—even the loudest line—powerfully projected. I liked the sudden outbursts of violence, the sudden lights and accents in his first movement; and the appealing, forward-bearing impetuosity of his *Romance*, sweetly, innocently turned. One or two shaky moments in the finale were

sturdily outweighed by more impressive (and more important) things: bounding energy, clean, bright tone, admirable clarity of intention. A happy occasion.

For the rest, Sanderling coaxed a well-disciplined, dulcet Prelude to Act 1 of Mussorgsky's *Khovanchina* from the NPO; and as his finale, a well-disciplined and boisterous Prokofiev Fifth. In the best, most concentrated, most original movement of Prokofiev's most bombastic symphony, the adagio slow movement, there was some exceptionally beautiful playing—soft and clear, without any loss of articulation or tension; knife-sharp too in the vintag-motivic scherzo. But it was also good to hear, at the climax of the first movement, and in the final *Gigolo*, the NPO dressed for once in its brightest cinematic colours: big, brash and brassy.



Johnson in the new musical 'Thomas and the King', which opened last night at Mar Majesty's

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August, 1975

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OVERSEAS NEWS

Opposition deny Mr. Whitlam funds to force election

CANBERRA, Oct. 16. Mr. Fraser, of "jettisoning all principle in his desperate grasp for high office." Mr. Fraser did not name the minister. He said the information related to secret attempts by the Government to raise up to \$US\$50m. in loans from Middle East oil states—the issue which sparked the crisis yesterday. Mr. Fraser said the Government was trying to find out who has made available a certain Treasury document to the Opposition. Mr. Fraser said: "Let me tell him that it is somebody who is sitting on the front bench at this moment."

Mr. Fraser added: "The person who made the document available did so because he believes that in the national interest the Opposition ought to have that information. He did it because he is a Fraser to-day told the worthy person."

Mr. Hayden told the House he had questioned every front bench Treasury document. He said the Opposition leader, Mr. Whitlam, had been completely untrue. Other Ministers concurred. Hayden, who accused Mr. Fraser of "jettisoning all principle in his desperate grasp for high office."

Kenya threatens MPs who step out of line

NAIROBI, Oct. 16. Reliable sources said that at a two-hour meeting to-day, President Kenyatta made clear to members of the House of Representatives that he had personally ordered that any MP who stepped out of line would be held under the Preservation of Public Security Law which allows detention without charge or trial. He also told the House that he knew the names of others who were not following KANU and Government policy and would act against them if necessary.

He mentioned no names. When KANU's assistant national organising secretary, Mr. Jesse Gachagua, tried to read a list of names the President stopped him, MPs said.

Friends of the two detained MPs sat silently. When Mr. Kenyatta called for questions at the end of his address the only response came from strong Government supporters. No mention was made of the arrests of two of the House's most prominent figures.

Mr. Kenyatta said that at a meeting held in private, he had said to the President that he was in his Kenya African National Union (KANU), the only political party to all parliamentarians.

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Move to reconcile Iraqi and Syrian Baath wings

BEIRUT, Oct. 16. Mr. Adak, who resides here permanently, went to Baghdad last week and met with Iraqi leaders.

The deep-rooted rivalry between the Baath factions in power in Damascus and Baghdad has repeatedly obstructed co-operation between them. The new moves at rapprochement followed the break between Syria and Egypt over the latter's agreement with Israel in Sinai, which was condemned also by the PLO and Arab leftists as a whole.

The Syrian regime of President Hafez al Assad, observers say, may now be more inclined for co-operation with Iraq because there is no sign yet that a new agreement between Damascus and Iraq on the Golan Heights is possible before the expiry of mandate of UN forces in the area on November 30.

In Lebanon, meanwhile, the political season was in favour of relaxation after a new truce was arranged last night in the suburbs east of Beirut. Some shops and banks reopened to-day and the centre of town witnessed some activity.

all for self-restraint

CAIRO, Oct. 16. Foreign ministers ended any talks on the Lebanese aggression against Lebanon as aggression against all Arab states. They appealed to Arab League member states to give Lebanon financial aid to repair damage and losses suffered in the violence. Such help could be discussed bilaterally between Lebanon and states offering it, they added.

Z. finalises \$33m. loan

PETER DUMINY. TOKYO, Oct. 16. The New Zealand terms are more favourable than present ruling rates for corporate issues, but this no doubt is largely because new issue terms are about to be revised downwards. According to an institutional source, the Bank of Japan favours reducing the offering yield on the best quality (AA) corporate issues to 9.038 per cent. next month.

PNG SUSPENDS BOUGAINVILLE GOVERNMENT. PORT MORESBY, Oct. 16. Papua New Guinea's national government has suspended the Bougainville provincial government and took over administration of the island, acting Prime Minister Sir Maori Kiki said to-day.

The National Executive Council, formerly the Cabinet, has established the Bougainville provincial trust to take over powers and functions of the suspended provincial government. He said in a statement. He added that the provincial government had not been abolished at that time.

MPLA takes town in Angola

LUANDA, Oct. 16. ANGOLO's MPLA movement said to-day that 700 forces had captured a town in the country's southeast only 60 miles from the city of Nova Lisboa which a peace mission from the Organisation of African Unity (OAU) is now visiting.

An OAU conciliatory commission team is trying to settle differences between Angola's three rival liberation movements—of which the MPLA (the Popular Movement for the Liberation of Angola) is one—to pave the way for peaceful transition to independence on November 11.

The delegation, which has been in Angola for a week, arrived yesterday in Nova Lisboa, Angola's second biggest city and a stronghold of UNITA (the National Union for the Total Independence of Angola).

An MPLA communiqué published this morning said its forces seized Quibala yesterday after flushing UNITA troops and mercenaries, who included South Africans, out of the town.

Roads from Quibala lead south to Nova Lisboa and west to the port of Nova Redonda. The communiqué said that elsewhere, MPLA troops had been fighting FNLA (National Front for the Liberation of Angola) forces in the Uema area, northeast of Luanda, and UNITA troops around Luso, 300 miles southeast of Luanda.

Reuter

BIG BUSINESS AND THE FIGHTING IN LEBANON

Mixed feelings about Beirut

BY OUR FOREIGN STAFF

BEIRUT remains the best option for a Middle East base of operations despite the continued heavy fighting now in its sixth month, most foreign companies with interests in the area believe.

Though many have moved to other capitals (like Athens and Rome) to escape the worst of the fighting, most intend to return as soon as things quieten down. Reports that dozens of U.S., European and Japanese companies have already moved from Beirut to Athens appear to be premature.

At the same time most companies questioned conceded that they may soon have to think about alternatives to Beirut if the fighting continues for very much longer.

Sources in Athens believe that many companies, chiefly from the U.S., have already initiated complex and lengthy incorporation procedures and are tacitly keeping their options open with the Lebanese. In some cases companies have moved foreign personnel out of Beirut, leaving local employees behind. It is virtually impossible to determine how many companies which were intending to open offices in Beirut to cope with the boom in Middle East business have simply gone elsewhere instead. These are the results of a sample survey in the U.S., Japan and Europe.

IRVING TRUST: Its Beirut office is open and run by Lebanese nationals. It has withdrawn its U.S. personnel for the third time. But it has not set up another office as a temporary replacement and still considers Beirut its Middle East area office.

McDONNELL-DOUGLAS: Has closed its area sales office in Beirut and moved its Middle East sales personnel to Rome. It is keeping an interest in Beirut and hopes to move back when things have slithered down.

GOODYEAR: Has moved its people to Athens, but the office is not definitely closed. Company spokesmen say that it is only closed temporarily, although they suspect that finally it will settle somewhere else.

UNITED TECHNOLOGIES (formerly United Aircraft): has pulled all its people out of Beirut except for the area director of the Middle East. He feels that the situation will improve and calm down and recommends that the company not be frightened out. The company is looking at Cairo and Amman as possible alternatives. No final decision.

CHICAGO-BRIDGE AND IRON: Has temporarily moved its operations. Whether this is a permanent move, it can't say at present. It depends on the safety of the 9 or 10 families involved. Some are now in London.

CONTINENTAL ILLINOIS: closed the bank office on September 18. It was reopened on Tuesday, and then after being open a few hours on Wednesday it was closed again because of fighting. Most of its key personnel are still in Beirut. Only dependants have been moved out. They have contemplated a move, but no decisions are being made. At the moment the regional operations are being run from the U.S.

Sheraton: is still keeping a sales and reservations office in Beirut, but half of its staff are now temporarily reassigned because of the difficulties in transportation and communication. They are operating out of Brussels and Athens. The company spokesman emphasised that this was a temporary reassignment and did not mean a move.

American Cynamid: feels that it must have some form of alternative to Beirut, at least until the conditions there stabilise. Most of its key people are travelling and one or two Lebanese are manning the office. It is considering setting up a temporary headquarters in either Athens or Tunis, but has not actually moved. It will keep a local office but is well on its way to shifting area headquarters to another location.

GENERAL MOTORS: Still has an office in Beirut although dependants of non-Lebanese have left (as of mid-September). The company has not made a positive commitment to Beirut, but neither has it definitely decided to move out.

FIRST NATIONAL BANK OF BOSTON: Its office has been temporarily closed (but not officially shut down) for the location makes it impossible to carry out business under present circumstances. No plans to move. The representative there was in the U.S. on home leave with his family when fighting broke out and did not return. At present he is in London and he con-

tinues to travel as usual to other areas in the Middle East.

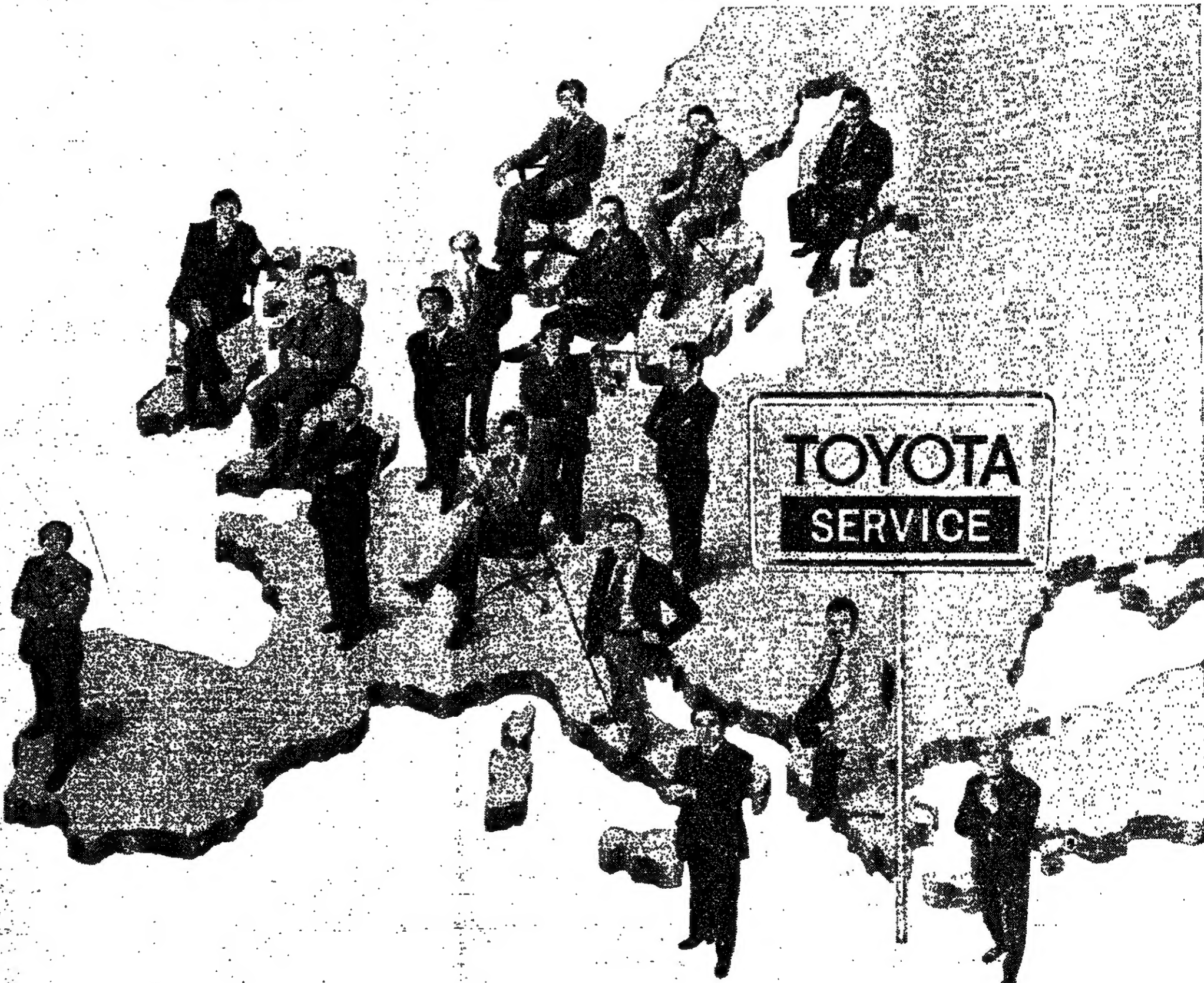
MORGAN GUARANTY: Deny it is moving. It said that its office in Beirut is only a representative office and not a branch bank. It in Beirut have now partly or wholly evacuated staff or family members as violence has become chronic in the Lebanese capital. The Japanese community which totalled just under 1,000 members at the beginning of September is down to something over 300 people. Japanese companies, however, appear to have evolved no common evacuation policy and a survey of different companies to-day revealed that most of those represented in Beirut have very little idea of how their competitors are handling the security problem.

CHASE MANHATTAN: Deny it is moving. Its Beirut officers had gone to Athens for a regional managers' meeting just at the time the offices were closed in mid-September. The branch was closed for one to one-and-a-half weeks. It has reopened and there are no plans to close the offices there. A Chase spokesman insisted that Beirut is still the banking and financial hub of the Middle East.

PARIBAS: "We've not discussed any idea of pulling out," said a director. "In any case we're used to this kind of thing. We'll just sit it out and hope things improve." Paribas whose operations are mainly handled through Societe Nouvelle de la Banque de Syrie et du Liban, a 50.05 per cent. owned subsidiary, claims to have the

largest banking network of any French group in the Middle East. JAPANESE COMPANIES: More than three-quarters of the 113 Japanese companies with offices in Beirut have now partly or wholly evacuated staff or family members as violence has become chronic in the Lebanese capital. The Japanese community which totalled just under 1,000 members at the beginning of September is down to something over 300 people. Japanese companies, however, appear to have evolved no common evacuation policy and a survey of different companies to-day revealed that most of those represented in Beirut have very little idea of how their competitors are handling the security problem.

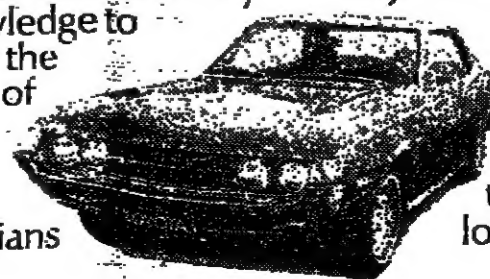
Several large Japanese companies with Beirut offices, including Mitsubishi and Marubeni, have evacuated family members to Athens but only Sony, out of more than a dozen major companies interviewed by telephone, said it had transferred staff as well as families to Athens. Mitsui Japan's second biggest trading company, has moved both staff and families to London.



What's so special about 17 of Toyota's European service managers?

They're amongst the most talented men in the business. When it comes to servicing Toyotas, they know just about everything there is to know—and they don't keep their knowledge to themselves. Each year the 17 national managers of Toyota's European service network train hundreds of already well qualified technicians

to provide quality Toyota service. They train them well. So whether you bring your Toyota in for a routine service or a major overhaul, whichever Toyota dealer you go to you know your car is in understanding hands. We put a lot of care into making your car, so it's only natural we should care the same about how it's looked after.



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EUROPEAN NEWS

Brezhnev still unseen

BY OUR OWN CORRESPONDENT

FRENCH President Valéry Giscard d'Estaing went sight-seeing in the Ukraine to-day with mystery still blanketing the Soviet cancellation of two meetings he expected to have with Mr. Brezhnev.

The French party was spending the night in Kiev and returning in the morning for M. Giscard d'Estaing's rescheduled second round of talks with the Soviet leader.

One highly-placed Western diplomat said he had been informed that neither Mr. Brezhnev's health nor differences over the wording of the summit meeting's final communiqué were responsible for the cancellations. But neither side was saying what the reason was.

Soviet officials asked M. Giscard d'Estaing on Wednesday, several hours before he was

to sit down with Mr. Brezhnev, to postpone the meeting until Friday. Later an optional discussion planned for Saturday prior to the French President's departure also was ruled out.

A senior commentator for the official Tass news agency only added to the mystery by saying in a dispatch distributed to-day that the talks had been conducted to date "in a good spirit and constructive atmosphere."

He said, "major new contributions" to Franco-Soviet relations had been made.

But this could have been no more than a reference solely to the ministerial discussions which have been continuing as planned, while M. Giscard d'Estaing was forced to take to his heels. These involved the French and Soviet finance and industry ministers and were aimed at

improving trade, among other things.

M. Giscard d'Estaing and Mr. Brezhnev made their differences known over the question of East-West détente during the first 24 hours of the summit, but no major problems between them are known to have cropped up.

Discussions continued on the final communiqué, which the Soviet side reportedly again sought to make into a virtual friendship treaty—something the French have always balked at in previous years.

Jonathan Carr reports from Bonn: A delegation of Soviet majors which was to have rounded a tour of West German cities by visiting West Berlin was suddenly recalled home to-day, prompting speculation that the unexpected move may be connected with the mystery cloaking Mr. Brezhnev.

Bonn clears way to fish talks with Iceland

By William Dullforce

REYKJAVIK, Oct. 16.

WEST GERMANY to-day finally lifted the ban on the landing of Icelandic fish in its harbours and cleared the way for separate negotiations on fishing rights for both German and British vessels within Icelandic newly declared 200-mile limit.

It was officially confirmed that Foreign Minister Einar Arnarson will arrive in London for talks next Thursday—only three weeks before the present Anglo-Icelandic agreement is due to expire, and that a German team, led by Foreign Minister of State Wischniewski, will come to Reykjavik on Tuesday, Oct. 28.

Iceland has made negotiations with Bonn conditional on the lifting of the landing ban. The hitch which occurred yesterday, when the Germans first lifted the ban, and then reversed their decision, is understood to have been due to a misunderstanding over a remark on television by Prime Minister Geir Halldorsson which has now been cleared up.

An Icelandic coastguard vessel this morning cut a warp and damaged the trawl of a West German ship found with two other fishing inside the 50-mile limit southwest of Iceland. The coastguard reported that no other German ships had been spotted fishing within the 200-mile area, although several were steaming through the waters.

Fisheries Minister Bjarnason, who will accompany Mr. Arnarson to London, said to-day there was room for agreement with the British provided they showed understanding for the basic issue: the need to preserve Iceland's fish stocks and secure an economy in which fish products accounted for 80 per cent. of exports.

The Icelandic fish eaten by British families during the last cod war must have been the most expensive the world had ever known, Mr. Bjarnason said. He was sure the British public would think the price too high, if Mr. Wilson were to publish the bill run up by the Conservative government for naval protection and tug fees during that conflict.

The Icelandic delegation is to be accompanied by a fisheries expert who will explain the latest findings of the marine research institute on the state of the whitefish stocks. They are said to be disturbing. By coincidence Mr. Arnarson will be in London at the same time as the Norwegian Minister, Dr. Jens Elveng, who recently talks with the British government on fisheries questions some weeks ago.

MORE ARRESTS IN SPAIN

MADRID, Oct. 16.

BARCELONA police announced to-day the arrest of a six-member "commando" group accused over the murder of a police officer, in the city on September 14. Under the anti-terrorist law all six could face the death penalty.

The six are all said to belong to the Maoist group called the Revolutionary Anti-Fascist Front, three of whose members were recently executed for the murder of police officers.

Meanwhile, police in Bilbao have announced the arrest of 10 people alleged to be members of the Basque separatist organisation ETA.

THE EUROPEAN INVESTMENT BANK AND THE COMMISSION

Luxembourg v. Brussels

BY DAVID CURRY IN BRUSSELS

WHEN THE EEC finally agreed to offer Portugal 150m. units of account aid in the form of loans from the European Investment Bank it was using as an arm of foreign policy an institution which is playing an increasing role in giving shape to the Community's idea both of itself and of the outside world.

Portugal apart, over the next few years the European Investment Bank's activities will be steadily enlarged. It is to provide some 400m. units of account in loans towards the Community's package of assistance for the 46 Third World countries associated with the EEC under the Lomé Convention and dependencies of EEC States and to manage a further 100m. of risk capital extended to these countries by the EEC's Development Fund. In addition, EIB loans will be part of the eventual agreement with the Maghreb countries while new protocols must be negotiated with Greece and Turkey providing a window to EIB finance. Yugoslavia has had its request for access to EIB funds "noted."

This enlargement of the EIB's horizons is taking place, ironically, while the bank, which is marooned in Luxembourg, has been encountering a number of problems in its relationship with the Brussels-based Commission, the EEC's chief administrative and policy-making body. For new EEC policies have also broadened the area of the Commission's activities and have brought it much more into areas where the bank has long been established as the chief Community agency. This is particularly true of regional policy and energy financing, and the tensions between the two institutions illustrate the dangers inherent in the Community's tendency to multiply instruments and duplicate functions in the process of haphazard growth.

The EIB raises money on the international markets and lends it at a margin above cost price for Community development. This is defined as projects undertaken by a company or public body which will benefit the regions, help to convert old industrial areas or benefit the Community as a whole (by, for example, contributing to a Community-wide motorway system).

The tensions in the regional field have thrown up the following sorts of argument. The Commission complains that the bank's lending is limited to 40 per cent. of the investment value of the project. Loans for industrial schemes are from eight to 12 years maturity and for infrastructure schemes for up to 20 years. The current interest rate is 9½ per cent.

Originally confined to member states, the Bank's lending was extended to Greece, Turkey, associated African states, Mauritania, Madagascar and some overseas territories.

Last year the Bank signed loan contracts totalling 996.4m. units

since its present rate of interest is well above the official discount rates in a number of EEC states including Germany, and its loans are not unattractive.

But the area which begins to crystallise tensions between Brussels and Luxembourg is energy. In the EIB provided loans to the energy sector of nearly 100m. units of account. Included in this are nuclear power stations. Since 1967 the Bank has made some 475m. units toward nuclear power plant projects meeting all requests submitted to it. In the past two years lending has accounted for 15 to 20 per cent. of all financing in the Nine.

The Commission, prodded by the Finance Minister, Mr. Jacques Delors, who is anxious that the Nine are as of some sort of financial venture, wishes to establish separate nuclear power financing programme. Euratom, which is now part of the Commission.

It proposed that Euratom should raise money in the national markets and distribute it along the same lines as the EIB. The Commission's strategy into which this fits is to have a natural tendency for the Commission to want to implement its ideas, especially since in a number of areas it has lacked the means to put its own ideas into practice.

But we have very tight regulations. Whatever we do has to be rigorously justified in terms of our charter. We are in the business of commercial lending, not of philanthropy, and if we can offer cheap loans it is because we maintain an excellent credit rating."

More specifically, the EIB argues that lending to prestigious clients in the energy field (Electricité de France, for example) is not at the expense of weaker clients, especially

of account. The major item was 540m. towards regional development and industrial conversion, going predominantly to the U.K., Italy and Ireland.

This spending must be put in the context of the general EEC regional effort. The other leading source of financing, also in the form of loans, is the European Coal and Steel Community. Since British entry, the British Steel Corporation has received more than 570m. in loans from the EEC and the ECSC and the National Coal Board loans of more than 510m. from the ECSC. Within the past six months the EIB has made its first loan to the coal industry. The Social Fund's retraining grants also add a small way to the sum of money flowing heavily toward the regions.

On top of this comes the new Regional Fund of the EEC, a grant-giving fund, but which meshes with the EIB not merely because they are both geared to the regions but also because the Regional Fund may subsidise the interest rate on EIB loans to the tune of 3 per cent. The regional fund has 1.3bn. units of account to commit over the three years 1975-77.

Britain opposes EEC plan for environment control

BY DAVID CURRY

A FUNDAMENTAL conflict of view between Britain on the one hand and West Germany and Holland on the other about how to approach pollution control is threatening the Community's plans to launch a new programme to improve the environment.

The conflict crystallised at to-day's meeting of environment ministers here, where the British and the West Germans clashed over the general approach to control and over a specific EEC plan to clean up rivers, seas and lakes.

Discussing the outlines of a new environment programme, Mr. Dennis Howell, Minister of State at the British Environment Department, bluntly rejected any scheme geared primarily to control of discharge of waste materials at source.

The EEC was too big and conditions too varied to make this effective, he said. The key should be the principle of environmental quality objectives, he asserted. He poured scorn on the argument that a uniform system of discharge controls was needed so that industry throughout the EEC would have the same burden placed on it.

"Attempts to harmonise emission standards internationally produce distortions of trade and do not remove them," he declared.

This was directly contradicted by the West German Minister of the Interior, Herr Werner Maiborger, who said that discharge controls would have a large role to play in the Community programme than in the current one. He described Britain's attitude as one of im-

LUXEMBOURG, Oct. 16.

posing a "total blockade" on moves to agree discharge controls. He insisted that the point about maintaining the balance of competition, dismissed as "a complete fallacy" by Mr. Howell, was vital for West Germany. "If there is no harmonisation it would be ruinous for our industries," he said.

In the face of this impasse the Brussels Commission was asked to try to find a political solution in time for a new Council in early December.

However, the British refusal to accept uniform discharge controls on even the most toxic waste—an attitude dubbed "ostrich-like" by the French and morally and corporately repugnant to the Community environment policy by the West Germans—gave little hope of an acceptable compromise being found.

Community GNP 'to grow 3%'

BY ROBIN REEVES

THE EUROPEAN Community's GNP will expand by 3 to 3½ per cent. in real terms in 1976 compared with a fall of 2½ per cent. this year, according to the Brussels Commission's annual report on the EEC economic situation.

The Commission believes that the European economy will start to pull out of the recession between now and early 1976 on the assumption that: world trade will grow by around 5 per cent.; oil price rise. The Commission says that Japan and the U.S. have passed the low points of their recessions; that demand for imports in OPEC countries will continue to rise albeit at a less rapid rate of about 20-25 per cent. in 1976; and that import

demand from state trading countries will tend to settle at a stable level.

● The programmes to stimulate economic activity recently adopted by all EEC members except the U.K. and Ireland should produce results in the coming months, both in the capital goods and construction sectors.

● Rebuilding of stocks from rock-bottom levels will also boost production, and this process could account for an increase of 1 per cent. or more in the GNP and at the same time stimulate imports of raw materials.

● It must be assumed that record savings by consumers will drop to more normal levels; though the Commission stresses that as long as the uncertainties affecting incomes and employment

policies persist, private consumption will remain depressed.

Even so, the Commission warns that the recovery of output will occur at different times and with different growth rates, in different countries. It sees the recovery in expansion, in the first instance, entailing an increase in hours worked, and a decline in part-time working. It does not expect the numbers of wholly-employed to begin to decline before mid-1976. For the average of 1976, the number of wholly unemployed in the EEC could be up a half-million to reach nearly 5m.

Among its economic guidelines for the member countries, the Commission says that the U.K. should make every effort to ensure the Government's counter-inflation policy is strictly implemented.

It says that domestic demand and output are unlikely to show strong signs of recovery before the spring of 1976 when inflation is expected to have moderated significantly leading to a reversal of the present trend in consumers' expenditure and a strengthening of business confidence. The stimulus from public expenditure, however, is then expected to slacken as the cuts announced in the April Budget come into effect.

The Commission concludes that despite the unsatisfactory prospects for output and employment, there will be limited scope for inflationary measures so long as the rate of inflation remains unduly high.

LA PRESERVATRICE S.A.

The Annual General Meeting of La Préservatrice S.A. was held on September 19, 1975, under the Chairmanship of Mr. Raymond Meynard. The meeting approved the accounts for the fiscal year July 1, 1974-June 30, 1975, the Company's second fiscal year since it became a holding in December, 1973.

The Board's report indicated that the Group's total turnover amounted to Frs.1,438,600,000, an increase of 12%.

The Company's net profit amounted to Frs.12,586,128.10, as compared to Frs.17,549,494.97 for 1973/1974, of which Frs.6,247,977 represents capital gains on assets transfers.

Taking into account the sum of Frs.1,865,513.86 carried forward from the previous year, the available profit for the fiscal year amounted to Frs.17,772,641.76.

The Meeting decided to distribute a net dividend of Frs.20 per share, the same as the previous year, to which a tax credit of Frs.10 was added, bringing the total dividend to Frs.30. This dividend was made payable as from September 29, 1975.

This payment represents a great effort considering that the 1973/1974 fiscal year had an exceptional length of 18 months and that the number of shares receiving dividends increased from 475,000 to 522,500 during that period following the distribution of one bonus share for every 10 old shares.

The Meeting re-elected Messrs. Marcel Henry and Dominique Lecca, Director and Censeur* respectively; Furthermore, Messrs. René de Lestrade, Chairman and Managing Director of Union des Assurances de Paris, and Nicholas Clive Worms, Deputy Manager of Worms & Cie were elected to the Board to replace Messrs. Gabriel Cheneaux de Leyritz and Robert Labbé, deceased.

In his speech the Chairman gave some information concerning the operation of the main subsidiaries over the past fiscal year:

— In France:

● Préservatrice AIRD
Turnover at the end of July 1975 amounted to Frs.655 million against Frs.553 million, an increase of 18% over the previous year.
Financial income increased from Frs.34 million at August 31, 1974 to Frs.41 million at August 31, 1975, an increase of 20%.

● La Préservatrice-Vie
New business amounted to Frs.173 million at the end of August 1975, against Frs.169 million in 1974, a figure to be compared with that of the previous year.
Financial income increased by about 20%, from Frs.7.6 million as at August 31, 1974 to Frs.9.3 million as at August 31, 1975.

● Lloyd de France-Vie
As at August 31, 1975 new business had increased by approximately 20% from Frs.123 million to Frs.147 million. Financial income at the same date showed a 20% increase as compared with the previous year, rising from Frs.6.5 million to Frs.7.7 million.

The Chairman also drew attention to the improvement shown by LES PREVOYANTS DU CANADA which at the end of July 1975 showed a marked increase in premiums and results. The Chairman concluded by saying that "apart from unforeseen circumstances, the 1975 fiscal year should be rather satisfactory and similar to the 1974 period."

*A position approximately equivalent to Financial Supervisor to the Board.

Discord in energy dialogue

BY RICHARD JOHNS

GREAT SCOPE for disagreement over the substance of the energy and raw materials dialogue between industrialised countries and the developing world has been laid by the preparatory meeting here, which late last night agreed on the basis for what is now officially called the Conference on International Economic Co-operation.

With the participants increased to 22 from the 10 which were drawn up the guidelines, it will begin with a two- or three-day session at Ministerial level in Paris on December 16, but it will be left to the specialised commissions on energy, raw materials, development and finance to work out their own procedures and programmes.

The extent of the differences in emphasis was highlighted by the documents submitted by the U.S. on the one hand and Algeria, Saudi Arabia, Brazil, India, Iran, Venezuela and Zaire on the other. Released this morning, they could be regarded as annexes to the common agreed final declaration and working documents for the commissions, which will start their New Year with the probable venue being Paris or Geneva.

In the final outcome the U.S. and EEC and Japan were successful in ensuring that the common declaration gave the most general commissions on energy, raw materials, development and finance to work out their own procedures and programmes.

The U.S. was insistent that their pre-eminence should not in any way be called in doubt by any "mandate" given to the specialised commissions. Apart from that the American delegation led by Mr. Charles Robinson, Assistant Under-Secretary of State, was successful yesterday in persuading Saudi Arabia, Iran and Venezuela that the prospects for the dialogue would be endangered if any attempt was made at this point to give the commissions strictly defined terms of reference.

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Hassan plans Sahara 'invasion'

BY PAUL ELLMAN

KING HASSAN of Morocco, in an angry reaction to a World Court ruling on the status of Spanish Sahara, last night called on his countrymen to organise a march of 350,000 people into the disputed territory.

In an emotional nationwide broadcast the King said volunteers for the march would be enrolled from to-day but assured that Morocco would not seek an armed confrontation with Spain.

His broadcast came after the International Court of Justice at The Hague ruled that neither Morocco nor Mauritania could claim sovereignty over the Western Sahara, which has been ruled by Spain since the Congress of Vienna in 1858.

The court also ruled that the Spanish Sahara, which is rich in phosphates, was not "terra nullius"—a territory belonging to no-one—when it was colonised. The court found that there were no legal impediments to the application of U.N. General Assembly Resolution 1514, which called for decolonisation of the Spanish Sahara—and self-determination for its inhabitants.

The rulings represent a second setback to the ambitions of Morocco and Mauritania. The two

states at one point agreed to divide the territory between themselves but were downgraded by a decision last year that Algeria is to have the desert valued there. Spain had won much approved by the Organisation of African Unity.

Algeria has championed the cause of the sole nationalist group, demanding total independence for the Saharawi, the so-called Front Polisario, which is also believed to have received aid from the Libyans.

A Moroccan-backed "liberation" group collapsed ignominiously earlier this year during a spate of Front Polisario demonstrations timed to coincide with the visit of a U.N. fact-finding mission to El-Aaiun, the territory's capital.

A similar fate was encountered by a Spanish-backed local party, the PONS, which has now recognised that there is no possibility of holding on to the territory and has conducted a diplomatic offensive among its neighbours to ensure that decolonisation is carried out peacefully and that the Spanish Saharai claim.

investment in the phosphate mines was not endangered. Reports earlier this year indicated that Spain had won much approved by the Organisation of African Unity.

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INTERIM STATEMENT

Ellis & Goldstein (Holdings) Limited

Manufacturers, distributors and retailers of ladies underwear—Easix, Dereta, Dumarsel, Laura Lee

INTERIM RESULTS

The unaudited, consolidated results for the six months ended 31st July, 1975

	1975	1974
External Turnover		
Wholesale	4,984,543	4,548,097
Retail	8,754,969	6,791,371
	<u>13,739,512</u>	<u>11,339,468</u>
Group Profit before Taxation	965,880	912,403
Corporation Tax at 52%	525,000	490,000
Net Profit after Taxation	<u>440,880</u>	<u>422,403</u>
Interim Ordinary dividend, pence per Ordinary Stock unit	0.75	0.689
Earnings, pence per Ordinary Stock unit	1.94	1.84

Interim Statement by the Chairman, Mr. D. Cannon.

* I am pleased to be able to report that, despite a fall in the rate of profit to sales in the six months to July, 1975, total profit before taxation has increased by more than £3,000 over the corresponding period last year, to stand at £965,880.

* Towards the end of the half year, there was some slowing down in sales. In the opening weeks of the current period our experience in our shops within stores units at home and abroad is of a continuation of that trend.

* Cash flow and available cash resources are strong. Our capital expenditure programme for development and the modernisation of plant and equipment is continuing and our productive resources were fully utilised throughout the half year.

* The lessening of demand makes it likely that profits for the second half of the current year will be lower than those for the second half of last year. Nevertheless, every endeavour is being made to improve our market share in conditions in which the reputation established in our brands should stand us in good stead.

* Your Board have declared an interim dividend of 0.75 pence per Ordinary Stock unit (0.689 pence last year) which will be paid on the 17th November, 1975 to stockholders registered on the 20th October, 1975.

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Weekend 21/10/75

Sandilands 'less than ideal' says Stock Exchange

BY MICHAEL BLANDEN

ANGES are needed in the recommendations for inflation put forward by the Sandilands committee, it is said by the Stock Exchange. The committee's proposals, which the Stock Exchange says are "less than ideal" particularly in defining the interests of shareholders. This view, following the committee's rejection of the current purchasing power (CPP) approach to inflation accounting previously used by the accountancy profession, has already gained wide support in the City and may force the Government's hand to the proposals.

The Exchange says that if a steering group is set up to guide the introduction of inflation accounting, as recommended by Sandilands, "the representation on this body of investors, both private and institutional, be strengthened."

Next steps

Further moves on the Sandilands report are largely dependent on the Government's reaction. It is now understood that the Government is unlikely to produce its response until the latter part of next month, though the current impression is that it could be favourable to the general introduction of some form of inflation accounting. The Government in turn is waiting to hear the reactions of

interested parties including the Confederation of British Industry and the accountancy bodies before making its statement. The accountancy bodies are not now expected to publish their comments until early next month.

The accountants are expected to accept the main proposals of Sandilands but, as with the Stock Exchange and a number of individual stockbrokers, to suggest that they should be amended to include more effective methods of measuring changes in monetary liabilities and assets.

The Sandilands approach has been well received in industry, a view which is likely to be reflected by the CBI's comments. But the accountants and much of the City argue that there is still a need for the basic CCA method to be supplemented by some form of information, perhaps based on the CPP approach, which would highlight the monetary impact of inflation on shareholders' interests.

The Stock Exchange said yesterday that it was vital that agreement should be reached at the earliest possible date on inflation accounting.

Meanwhile, the Exchange "recommends those companies which already produce inflation-corrected figures to continue to do so whether the CPP method or any other method is used."

Lockheed looks ahead to fuel-saving TriStar

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

RHEED OF the U.S. is studying improvements to its L-1011 tri-jet, which uses two RB-211 engines, that result in savings of up to 10 per cent in fuel consumption, it was said yesterday.

These improvements could be progressively applied to the TriStar design in the years ahead, thereby making it necessary for the company to commit vast sums for the development of entirely new types of aircraft.

Particular significance is attached by Lockheed to improvements in the RB-211 engine, which would make possible savings of between 3 and 4 per cent in fuel consumption. These included a new type of engine nozzle that would provide for a more efficient mixing of the exhaust gases

flowing from the engine.

Changing the shape of the TriStar wing, by adding a few feet to each wing tip, could improve performance and achieve another 5 per cent saving in fuel.

A third area of new technology involved the use of automatic sensors for the aircraft's controls—called "active controls." These would help to reduce loads on the wing during manoeuvres by the aircraft, and thus save weight in the structure of the wing, leading to a saving of about 4 per cent in fuel consumption.

A fourth area was the use of "composite" materials, such as carbon fibre reinforced plastics, in the tail fin, which would also increase structural strength while saving weight.

Europe textile chiefs bid for EEC support

BY RHYS DAVID

IMPORTANT economic, social, international textile, garment and technical grounds exist for maintaining a strong and viable textile and clothing industry in Europe, leaders of the industry in the Common Market claim.

In a document published yesterday and sent to the EEC Commission, they reject the view that large sections of the industry could be transferred to the developing countries and call for tighter controls on imports from countries which have "over-industrialised" in the textile field.

The Commission is urged to make clear that it recognises the importance of the EEC's textile industry and is prepared to develop appropriate economic, commercial, social and scientific policies. If this is done, the European industry could have a profitable future, the document claims.

The industry's views were outlined at a Brussels meeting yesterday by Mr. Alan Clough, president of the co-ordinating Committee of the textile industry in the Common Market. The committee has prepared the manifesto jointly with the European Association of Clothing Industries (AECI) and the European section of the

Stonehouse family's grief over 'death' report

MR. JOHN STONEHOUSE'S family reacted with shock and grief to the report that he had died. After Mr. Stonehouse's disappearance, he flew to Miami for the fourth day of the committee proceedings against the Labour MP and his former secretary, Sheila Buckley.

The hearing, at Horseferry Road Magistrates' Court, London, was told by Mr. Philip Gay, of Fulham, London, how he broke the news of Mr. Stonehouse's "death" after his disappearance in Miami.

Mr. Gay, who joined Mr. Stonehouse as his personal assistant in December 1973, on leaving the Army, said the family's reaction was entirely genuine.

He said he was made a director of several Stonehouse companies and on August 19 last year he became company secretary of Export Promotion and Consultancy Services (EPACS)—a post he held until the company went into liquidation.

Minute books of alleged company meetings were produced in court. Asked about a meeting on October 30—when he was shown as having been present—Mr. Gay said he did not attend. About

September steel production down 19%

By Kenneth Gooding, Industrial Correspondent

THE U.K. STEEL industry continued to work at well below break-even levels in September. Output averaged 361,300 tonnes a week and was 19 per cent below the September figure last year.

In the first nine months of 1975 production averaged 386,600 tonnes a week, some 10 per cent below that for the same period last year and nearly 25 per cent down on the first nine months of 1973 when demand was strong.

Consumers and merchants are continuing to cut back steel stocks from the unusually high

ACTUAL OUTPUT (weekly average: '000 tonnes)	
1974	1975
January	389.4
February	413.7
March	419.9
April	459.7
May	440.1
June	480.5
July	399.2
August	406.1
September	446.2
October	457.5
November	452.7
December	402.7
Total Year	37,426.2

levels held in the early part of the year and the producers expect this trend to continue well into 1976.

The British Steel Corporation alone would, in more normal times, be looking for an output averaging 5m. tonnes a week. The September weekly average for the whole industry was only just over 70 per cent of that target.

And the corporation says that, in some parts of its strip mills operations, output is still at only 50 per cent of capacity.

However, the tubes division has not suffered as badly as some other parts of the business. The BSC has already estimated its output will reach only around 17.5m. tonnes in 1975, just over 10 per cent down on 1974.

FACE-LIFT FOR WEST END ODEON

The Odeon Cinema in London's Leicester Square is to close for four weeks from November 19 for redecoration and modernisation at a cost of more than £60,000. It will reopen on December 18 with the premiere of *The Man Who Would Be King*, starring Sean Connery, Michael Caine, Christopher Plummer and Saeed Jaffrey.

BP lands its first commercial N. Sea oil flow

BY ADRIAN HAMILTON

BRITISH PETROLEUM has quietly piped ashore in Scotland the first commercial flows of oil from its North Sea Forties Field and is pumping it through the pipeline from Cruden Bay to its Grangemouth refinery.

The Phillips group said yesterday that it also had started pumping the first flows of Ekofisk oil from the Norwegian sector through the subsea pipeline to its Teesside terminal.

The oil will be arriving on-shore on Sunday before the official inauguration of the terminal plant on Tuesday.

Strat-up of the two North Sea pipelines marks the opening of a new and important chapter in the development of Norwegian and British offshore oil.

The two fields are among the largest yet established offshore Europe and their production is expected to make a significant impact on the balance of payments and revenues of the two host countries.

Forties Field, discovered in 1970 and declared commercial a year later, was the first big oil find in the U.K. sector of the North Sea.

Although its initial production is relatively small at about 20,000 barrels a day, by the end of 1977 it should be supplying about 20 per cent of the U.K.'s oil requirement when it reaches a peak output of 400,000 barrels a day.

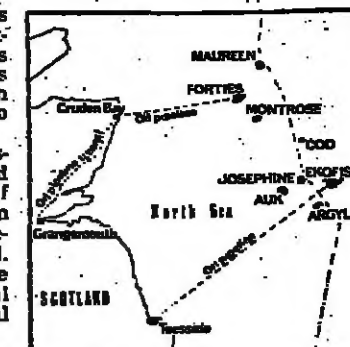
The oil is being piped through a 110-mile pipeline to Cruden Bay and then down an 180-mile onshore line to the company's refinery at Grangemouth near the Forth.

The official inauguration of the field by the Queen is planned for November 3. First production actually started some weeks ago and, having filled the sea line, is believed to have reached the Scottish coast last week.

Because of fears of sabotage—attempts have already been made by the "Tartan Army"—BP is remaining quiet about the timing and volume of flow.

Ekofisk, in the Norwegian North Sea can claim to be the first big oil discovery anywhere in the North Sea. First drilled in 1969, it has been in production since 1971, using tanker loading.

The completion of a pipeline and terminal facilities in the U.K. will enable the group to build up production from the Ekofisk Field and the surrounding fields of Tor, West Ekofisk,



Cod, Eldfisk, Edda and Albuskjell.

At peak production later in the decade, the fields, which are already producing 300,000 barrels a day, will be producing about 7.8 million barrels a day of oil plus about 3bn. cubic feet of gas a day, which is to be piped separately to the Continent through a line already laid to Emden, Germany.

The first supply of oil through the pipeline will be shipped back to Norway, where it will be used at the new Mongstad refinery on behalf of Norsk Hydro, a partner in the Phillips group.

A substantial proportion of the oil piped to the U.K. is expected to be refined within Britain, however.

Total investment in the Forties Field is expected to reach more than £700m. when completed and the total investment in the development of the Ekofisk and neighbouring fields is expected to reach more than £1.75bn.

Wool textile industry lifts EEC sales

AN INCREASE in exports to EEC countries provided a bright spot in figures issued in Bradford by the Yorkshire-based wool textile industry.

The figures showed that overall export earnings in the first eight months this year dropped by 15 per cent, compared with the same period last year to £140.9m. But sales of cloth yarns and tops (combed wool) to EEC countries rose 7 per cent, to £32.8m.

The drop in overall export earnings reflected the world recession in textiles, a spokesman said.

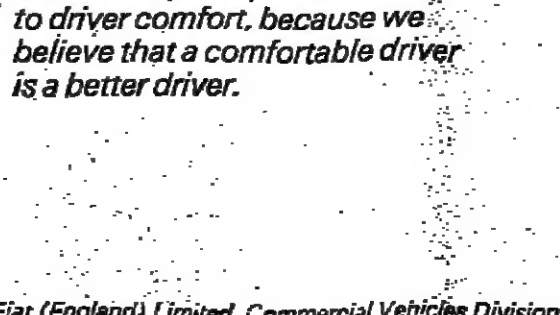
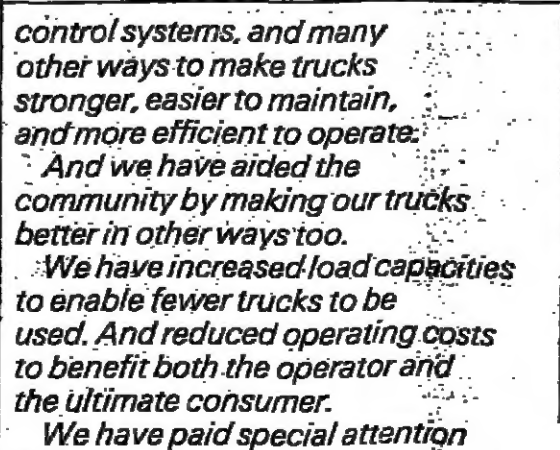
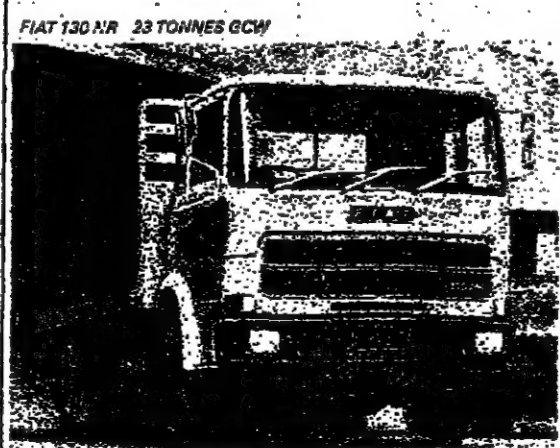
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HOME NEWS

Oil platform builders expect price-cutting

BY CHRIS SAUR, SCOTTISH CORRESPONDENT

SOME U.K. CIVIL engineering groups, bidding for scarce new North Sea oil production platform orders, expect that intense competition to fill vacant construction berths next year is likely to result in a significant degree of price-cutting.

The dearth of platform orders this year is producing a substantial spare capacity in the construction industry both in the U.K. and Scandinavia. At least three Scottish construction yards—one for steel jackets and two for concrete gravity structures—are technically capable of starting work on major new platforms now. They are at Ardrish and Portavadie, Argyllshire, and Methil, Fife.

There are, in addition, reportedly three vacant Scandinavian docks, two at Stavanger and one near Bergen, for constructing concrete structures. In the next six to nine months, further U.K. capacity will become available at Ardrish where the second of three docks is shortly to be vacated—at Loch Kishorn in the West Highlands, and at Hunterston, Ayrshire, where a new yard is being prepared.

This follows a year in which orders for platforms have failed to reach anything like the levels

predicted by the Department of Energy last autumn, and in which the Government's own estimates of future demand to 1980 have been trimmed by about a third.

U.K. contractors, notably those seeking orders for concrete structures, now acknowledge that price "undercutting" may become a feature of the international competition for this business next year.

Protection

It is clear that several of the groups, supported by trade union pressure, expect the Government to use its greatest influence with oil companies to ensure that platform orders placed for the U.K. sector of the North Sea come to British yards. "We are looking for protection against the possibility of the Norwegians," said the head of one major group.

For the Government, the failure of new orders to materialise about now has created a further growing embarrassment. It has spent more than £12m. creating the first State-owned concrete platform construction yard at Portavadie. Leased to the

British-Dutch consortium, Sea Platform Constructors (Scotland), the site is now complete. Unless it receives an order shortly, the company will have to begin paying off its 40 labour force. The Government has also underwritten the funding of £11.5m. to Anglo-Dutch Offshore Concrete, which is now preparing the site it has leased at Hunterston.

Both these undertakings yesterday prompted criticism by Sir John Howard, chairman of the Anglo-French Howard-Doris partnership which is building the largest North Sea platform at its Loch Kishorn yard. He said it would be "a waste of the nation's resources" if further construction capacity was made available before existing yards were fully occupied with work.

Howard-Doris is completing its £14m. investment at Kishorn. This includes £1.25m. on workers' village, sports and recreation facilities, and £1m. on a private rail yard at Strone, which will transport some 100,000 tonnes a year of cement, ash and other materials.

The yard is building a 400,000-tonne platform—claimed to be the "largest man-made floating object"—for the Ninian oilfield.

LRC says it will cut Durex prices

By Stewart Fleming

LRC INTERNATIONAL has agreed to reduce the selling price and discount structure of its Durex contraceptive sheaths in line with recommendations made by the Monopolies and Mergers Commission in February.

Mr. Alan Williams, Minister of State for Prices and Consumer Protection, said in the Commons yesterday that the aim of the undertakings was to reduce the company's profits on home sales of contraceptive sheaths to approximately £225,000 in a full year.

The comparable profit figure for 1972-73, which was strongly criticised by the Commission, was £2m.

Mr. Williams said that LRC had undertaken to specify and publicise maximum retail prices for its principal brands of contraceptive sheaths and to make it a condition of sale that maximum prices should not be exceeded.

The maximum prices of the higher priced products would be reduced by 11 per cent, and medium priced brands by 21 per cent. Prices of the cheapest products would be held steady.

The new structure would come into force from December 1, and the company had agreed not to alter any of these prices without prior approval of the Director General of Fair Trading.

Wholesale

In the light of the criticisms made by the Commission LRC had also undertaken to introduce a substantially revised and simplified wholesale discount structure which will give discounts from 50 per cent to 68 per cent according to quantity.

LRC said yesterday that the return on net assets employed in the manufacture and sale of contraceptive sheaths in the U.K. had been reduced to about 23 per cent, computed in accordance with the Sandilands Report recommendations, but inflation "has already done the Commission's work for it."

Prices of its negotiations with the Office of Fair Trading had been "tolerably acceptable," the company regarded the referral to the Monopolies Commission as "a waste of both public and company time and money."

The recommendations made by the six members of the Commission in this case were so obviously wrong as to call into question every judgment expressed in their report.



AFTER a three-week unofficial strike, seven teachers, including the headmaster, Mr. Terry Ellis (centre), returned to work yesterday at the William Tyndale junior school in Islington, where Inner London Education Authority inspectors have reported "distinctly discouraging" standards of educational attainment and organisation.

Some parents kept the children at home in protest against the strikers' return with the result that attendance at the school—which has a full roll of 114 pupils—was down to 65 compared with 70 to 75 when temporary teachers were in charge during the strike. The ILEA inspectors will continue their assessment

to-day and report their full findings to a public inquiry the week after next.

The "Islington Seven," who incline towards Left-wing politics, allege that the school's managers have been waging a politically inspired campaign to interfere with the teachers' "progressive" approach to schooling.

Real growth in council's spending may be 5%

Financial Times Reporter

LOCAL AUTHORITY spending this year is likely to be about 5.5 per cent higher in real terms than the level agreed with the Government last November, according to figures collected by the Chartered Institute of Public Finance and Accountancy.

The figures confirm projections of overspending made by the Department of Environment which led Mr. Anthony Crosland, the Environment Secretary, to call for a halt in the growth of local government spending next year.

CIPFA returns show that authorities in England and Wales anticipate that spending from rates and grants this year will be more than £11.2bn. The returns compare with expenditure agreed with the DOE last November of £11bn., but that figure took no account of inflation or certain specific grants.

No comparable

In real terms, the overspending is likely to be nearer to 2.5 per cent higher, but strict comparison is not reliable as it is difficult to know exactly what assumptions local authorities have made about inflation in submitting their estimates to CIPFA.

Last winter the Government had assumed local government spending in real terms would rise by 4.3 per cent in the current year and by around 3 per cent next year.

In the Budget the allowed increase for 1976-77 was cut back to 11 per cent, but Mr. Crosland subsequently declared that, as spending in the current year was likely to jump by 6.7 per cent, there was no room for further growth.

Ryder tells State and industry to co-operate

By Our Industrial Staff

THE DRIVE to re-equip British industry could succeed only if it were accompanied by a change in the relationship between Government and industry, Lord Ryder, chairman of the organising committee for the National Enterprise Board, maintained yesterday.

It was inevitable that there must be a close relationship between Government and industry and it would be in the country's interests if this relationship could be both constructive and stable, he told an American Chamber of Commerce (U.K.) lunch.

The NEB could contribute to the relationship. "I am certain there are many companies which need to enlarge their equity base substantially in order to carry out the re-equipment and modernisation which is essential to their future viability. The NEB's main role will be to provide new equity capital in this kind of situation and also long-term loan capital in appropriate cases."

"I should stress that the NEB is not being set up to support unround or uneconomic projects. Ventures of this kind will bring no benefit to Britain in the longer term."

"In deciding which projects or investment programmes to support the NEB will have regard to the likely return on investment and the contribution which they will make to the national economy. Any proposal which comes before it will receive a critical scrutiny which will be quite as searching as that applied by any financial institution in the City."

As for the relationship between management and workers, in the industry Bill the NEB is charged with promoting industrial democracy in undertakings which will be quite as searching as that applied by any financial institution in the City."

The first requirement, as all good managers know, is information. Employees at all levels ought to know what the company is trying to achieve and what it involves for them.

The second requirement is to harness the energy, experience and enthusiasm of employees in working out ways of doing jobs more efficiently for the benefit not just of the company but also of all those who depend on it for their livelihood.

Rolls-Royce East Bloc jet deal

By Michael Domes Aerospace Correspondent

AN agreement has been reached between Rolls-Royce (1971) and the state aircraft manufacturer of Romania and Yugoslavia for the manufacture under licence of those countries of the Viper 632 Series jet engine for a new military aircraft, the Ora (Eagle).

Viper engines for the prototype have already been supplied. The ground-attack aircraft first flew late last year. It is expected to be ordered in quantity for the air forces of Romania and Yugoslavia.

Details of the deal remain secret, but it is expected to bring substantial royalties to Rolls-Royce (1971).

Government will consider newspaper's cash plea

BY CHRIS SAUR, SCOTTISH CORRESPONDENT

THE GOVERNMENT yesterday agreed to give "very urgent" consideration to an appeal for a fresh capital injection by leaders of the Glasgow workers co-operative facing a financial crisis which threatens the future publication of its five-month-old Scottish Daily News.

Three leaders of the co-operative, led by the paper's editor, Mr. Nathan Goldberg, yesterday met Mr. Bruce Millan, Scottish Office Minister of State, in London.

The paper needs a minimum of £250,000 to prevent closure, while attempts to strengthen its advertising revenue and increase its currently non-viable declared circulation of 175,000 copies a week. It admits to losing £15,000 a week.

Mr. Millan last week informed the co-operative that the Government would not assist directly or indirectly in raising new funds, beyond the £12m. loaned to the project when it was launched by ex-Beaverbrook workers in May

Yesterday's decision is unlikely to represent a reversal of that position—it is more likely that the Government has now been given, for the first time, the opportunity of examining a specific "package" of proposals to rescue the co-operative.

Among the suggestions made by the co-operative is that it should seek new finance to launch a Glasgow-area evening paper, which would supplement its all-Scotland morning paper sales.

It also proposes that the Government should relinquish part of its security on the Albion Street premises, thus releasing potential collateral for a loan through normal commercial channels.

Both these proposals have been promoted vigorously by Mr. Robert Maxwell, chairman of Pergamon Press, who invested £114,000 in the venture and who resigned two weeks ago from his position as chief executive of the paper. Mr. Maxwell, who

continues to act as a "consultant" to the paper, was not present at yesterday's meeting. Mr. Millan is expected to consult senior colleagues, among them Mr. Peter Shore, the Trade Secretary, who has responsibility for the newspaper industry and MP Michael Foot, the Employment Secretary.

Mr. Foot's concern may be twofold—first, with the jobs of the 500 employee-shareholders if the project collapses, and secondly, with the possibility, being mooted by the co-operative, that it might apply for payment of the Government's weekly £10 per employee temporary employment subsidy, which is designed to prevent redundancies.

Meanwhile, Scottish Labour MPs are trying to mobilise a campaign to save the ailing paper. A group of three MPs led by Mr. Norman Buchan (West Renfrewshire) yesterday also met Mr. Millan, but made no comment on the outcome of their discussion.

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STYLES AND WOOD, Manchester,

has received contracts worth

almost £450,000. Work has started

on the first of these, a mixed

residential and retail develop-

ment at Oldham. Occupying the

site of a former school and sur-

rounding demolition sites, phase

one of this development will

consist of nine maisonettes, six

shops and a supermarket. The

second development, old people's

flats at Oldham Road, Gorton,

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LABOUR NEWS

Strike costs Leyland £2m. in lost production

BY ROY ROGERS, LABOUR CORRESPONDENT

DUCTION of British Leyland's worth about £2m. in retail sales, was lost yesterday when another regrading row hit the plant's Cowley, Oxford, assembly plant.

This fresh dispute involves 65 men who staged a 24-hour stoppage in support of demands for reclassification as production workers—a move which would be worth an extra £2.40 a week.

Call for state aid to meet £6 bus pay rise

BY OUR LABOUR CORRESPONDENT

Municipal bus employers and union leaders are to seek special government financial assistance to help meet the cost of a £6 a week agreement concluded yesterday.

The agreement, which was disclosed by the Transport and General Workers' Union, declared that the Government must meet the cost of the £6 a week agreement, which will have to come from increased fares or rates.

The employers have agreed to offer £5 a week increases to the top grades with pro-rata increases for others. But the TGWU insisted that the £1,000 workers covered by the agreement should receive the full £5 a week increase.

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Sit-ins work, says study group

BY OUR LABOUR STAFF

NS, particularly in support of effective bargaining demands factory occupations into two categories—those designed to defend jobs and those designed to be used by workers to press normal collective bargaining demands.

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Plan to shut power stations accepted

BY JOHN WYLES, LABOUR REPORTER

THE BIGGEST power station which sought to shut down a closure programme— affecting nearly 5,000 workers—was reluctantly accepted by electricity supply industry union leaders yesterday in the face of a dramatic slump in the demand for electricity.

After several months of tough negotiations, the unions have agreed to the total or partial closure of 48 stations by March 1977.

In return, the Central Electricity Generating Board has agreed that there will be no compulsory redundancies among the staff at the stations scheduled for closure for at least two years while every effort is made to absorb them through redeployment and retraining.

The agreed programme is considerably less than was originally proposed by the CEBG.

Job creation start-up

BY OUR LABOUR EDITOR

THE GOVERNMENT'S first job creation project will get under way in Sunderland today when 25 youngsters and two adults will be recruited to weed and tidy up the local coastline at a cost of £21,235.

Of this sum, £19,305 will be paid out in wages and will be reimbursed to the local council by the Manpower Services Commission from its £30m. Government-donated job creation fund.

Training has been billed by

Farmers reject £9.50 pay claim

By Our Labour Correspondent

FARMERS' leaders yesterday rejected a £9.50 a week pay claim lodged on behalf of 320,000 farmworkers who are seeking to set a £40 a week minimum wage.

The employers on the Agricultural Wages Board for England and Wales claim that, quite apart from the Government's £5 a week limit, the state of the industry rules out the claim.

The Board meets again on November 17 when the employers, the National Farmers' Union, are expected to make their offer which may not even come up to the £5 figure.

After yesterday's Board meeting Mr. Reg Bottini, general secretary of the National Union of Agriculture and Allied Workers, said: "The employers put in their observations on the claim and challenged our statistics. They spoke about the critical state of the agricultural industry, but at the same time indicated their preparedness to negotiate a 'reasonable settlement'."

Mr. Bottini added: "They described the claim, as submitted, as likely to cost about £150m. in a full year, a burden which the industry in its present state is unable to meet, they say."

"The farmers' reply was purely traditional. It is the same sort of reply we have had for 50 years."

Germany impresses trade union MPs

BY JOHN ELLIOTT

A CALL TO BRITISH trade unions to "get to grips" with worker participation was made yesterday by a Labour MP, Mr. Tom Urwin, who has just returned from a visit of trade union sponsored MPs to Germany.

Mr. Urwin, who is the chairman of the Labour MPs' trade union group, warned that unless British unions did this quickly they would find that the EEC would force possibly unwanted changes.

The MPs visited Germany last month on a trip organised by the Anglo-German Foundation for the Study of Industrial Society. 'Yesterday, reporting on their visit, they were clearly impressed by the respect for the law which they found in German industry, by the way trade unions there worked for the good of their members without the wider political aims of U.K. unions, and by the educational and research facilities of German unions.

But they stressed that they realised that different historical backgrounds and traditions meant that the German workers' council and worker director style of participation could not be imported into the U.K. because it was not based on trade unions and shop stewards.

Mr. Urwin, however, said he did not think the German system, in its own context, had suffered by being separate from the unions. Another trade union MP, Mr. James Johnson, said of the to 400 students.

Teaching unions vote to merge

By Michael Dixon

A FAVOURABLE vote by members of the 55,000-strong Association of Teachers in Technical Institutions means that the union will merge early next year with the 8,250-member Association of Teachers in Colleges and Departments of Education.

The combined unions' title will be the National Association of Teachers in Further and Higher Education. It will be headed by Mr. Tom Driver, general secretary of the ATTI.

Perkins seeks graduates

THE PERKINS diesel engine company at Peterborough is planning to recruit 30 university graduates next year.

Executives will visit universities and expect to interview up to 400 students.



Who benefits most from a seat in First Class?

Many companies approach First Class flying from the point of view of entitlement.

However, and with all due respect to Chairman and Managing Directors, entitlement is not the same as benefit.

For there can be little doubt that middle management, where it is allowed to fly First Class, benefits just as much as the very top people.

The greater space and quiet of a First Class seat is very necessary

for the hard-pressed middle manager. If he needs to work, he can work. If he needs to rest, he can rest.

On top of that a middle manager with a First Class ticket carries with him tangible proof of his company's faith in him.

And, when clients come to see him off at airports, it always has a beneficial effect on your company's image.

All over the world, people see British Airways First Class as the

finest way of travelling there is.

When a man is trying to sell a product he believes in, it always helps to show that his company appreciates quality in other matters.

If you want a man to do a first class job, give him a First Class ticket.

British Airways

We'll take more care of you.



The first class way to do business in Europe

With Sealink, business trips to Europe can be more civilised and efficient.

You can sleep as you travel in a comfortable sleeping compartment on the train—or a cabin on board ship on our Harwich/Hook route.

And today's fast trains and luxurious modern ferries get you to your destination on time—refreshed and ready to do business.

From Victoria you can travel all the way to Paris or Brussels on the same train, arriving before 9 o'clock the next morning. Or from Liverpool Street you go to Harwich by train, and by ship to Hook of Holland in time to connect with trains to arrive in

Amsterdam or Rotterdam by 08.30 or Düsseldorf by 10.20.

Your secretary can get all the details from your Sealink appointed travel agent or principal rail station.

SUMMARY OF SERVICES UNTIL MAY 29 1976
FRANCE LONDON-PARIS every night through Harwich/Hook of Holland (Victoria) to Paris (New).
THRU LONDON-BRUSSELS every night.
Through Sleeping Car train from London (Victoria) to Brussels.
HOLLAND LONDON-ROTTERDAM-AMSTERDAM every night via Hook of Holland from London (Liverpool Street).
GERMANY LONDON-DÜSSELDORF-COLOGNE-MAINZ every night via Hook of Holland from London (Liverpool Street).
† Not Dec. 24 & 25; ‡ Not Dec. 26.

Inter-City Sealink-We'll show you the way



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHREIBERS

POWER

Hot turbine works harder

WATER COOLING allows a development model turbine to operate twice the power of a conventional design. The turbine is made of lower grades and is more efficient at temperatures as much as 1,000 degrees F. higher than usual.

The internal cooling technique has been demonstrated with a water-cooled turbine at a temperature stage at CEGB's centres supported by Electric Power Research Institute. Now, the development of a 100-MW unit to be used in industrial power stations and at up to 2,500 degrees F. is being carried out. The turbine is currently associated with such units in hand.

Cooling will be applied in two ways: through channels close to the surfaces of the stationary vanes and through small holes at the tips of the jet turbine designers must either seal, being ejected from them and new materials or develop

RESEARCH

U.K. rocket aids space probe

more effective methods for cooling the alloys.

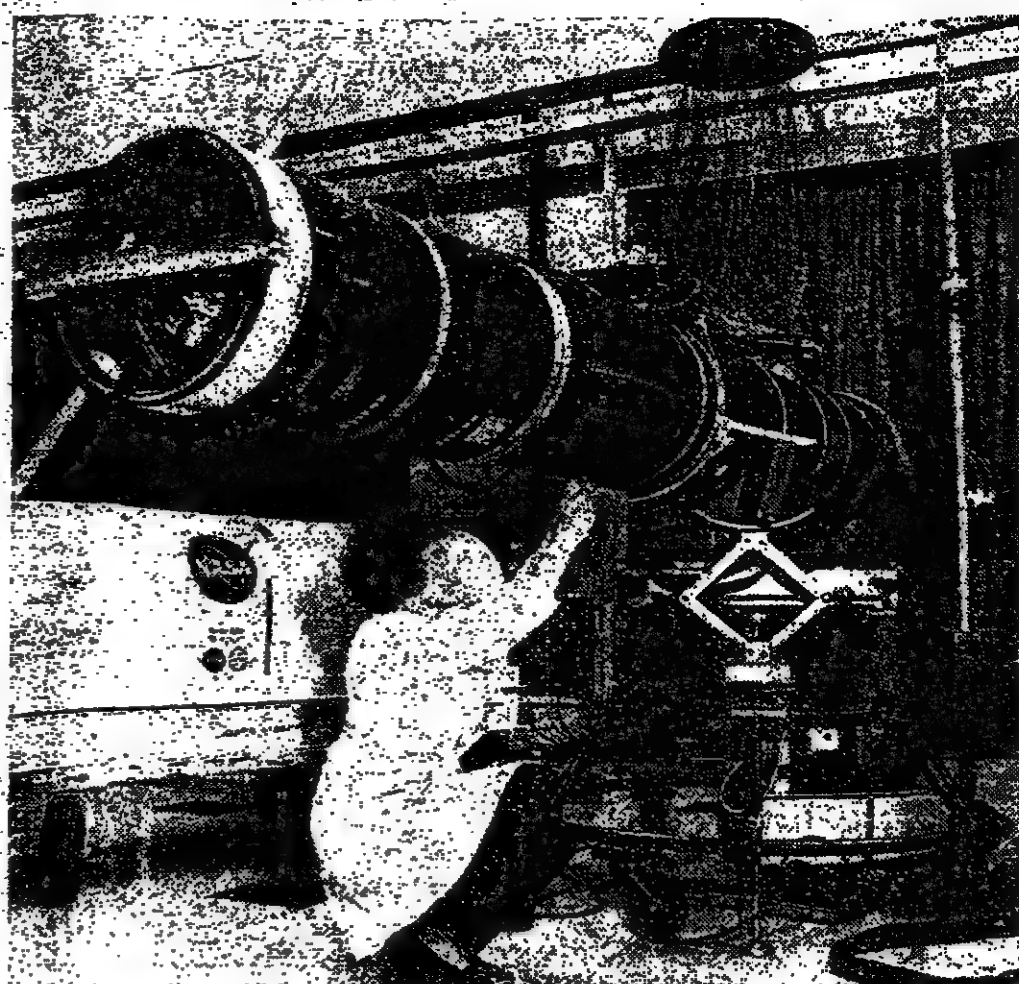
With the water-cooled approach the blades could be constructed primarily of nickel-based superalloys, rather than the exotic new high-temperature materials now under development. Moreover, the problem of metal corrosion would be lessened, since the alloys will be cooled to temperatures where hot corrosion from fuel contaminants is reduced substantially while deposits would continuously be washed away.

Initial application of the water-cooled engine would be in a combined-cycle power plant, where it would be joined with a steam turbine for base-load and mid-range power production at about 50 per cent. efficiency, compared to today's 43 per cent.

The market is huge since U.S. electric utilities will add some 70,000-MW of new gas turbine generating capacity during the 1980s. If UHT turbines are available and the power is generated by combined-cycle UHT gas and steam turbines, more than 30m. barrels of fuel a year will be saved.

GE is at 1 River Road, Schenectady, N.Y. U.S.

The launch will be carried out by a team from British Aircraft Corporation (Australia) Pty. when the completed rocket will measure 42 feet 6 inches (13 metres). To date 336 Skylarks have been launched from a variety of ranges. Organisations



KGEL LTD
Kennedy Tower,
St. Chads Queensway,
Birmingham B4 6EL

COMPONENTS

Mullard to look after Signetics

FOLLOWING THE acquisition of the Signetics Corporation by the United States Philips Trust earlier this year, responsibility for all Signetics sales operations in the U.K. is to be taken over by Mullard from November 1.

In London, yesterday, Mr. J. C. Ackerman, Mullard managing director said that the new arrangements put his company "back into the industrial integrated circuit business" and that Mullard now intended to become a major supplier in this field. Similar moves vis-a-vis Signetics are taking place in other Philips components companies.

Concurrently, "multi-million pound" investment at the Mullard Southampton plant will make it compatible with the Signetics operation in Sunnyvale, California, which it is claimed will make it the largest manufacturer of MOS memories outside the U.S. In addition a revised integrated circuit marketing group is being set up for Signetics products and all other Mullard industrial ICs.

PROCESSES

Buts glue in edging strip

OWN AS the Evo-Stik resins, a reel-to-reel hot coating machine has been reduced to enable manufacturers in the furniture and working industries to coat materials for subsequent edging with Brandt or Har heat bonding machinery. The machine uses a range of resins, including Evo-Stik 3 Thermadur, Har Melt, and a standard coating in rates of 40 feet/minute either as single or multiple reel-to-reel (maximum five reels).

The former will accommodate coatings of widths up to a maximum of 84 inches and the latter up to 4-inch.

Adhesive coating weight is variable to suit alternative types of veneer while temperature range is adjustable to 250 deg. C. A pre-melt unit, which can be topped up without stopping the machine, enables continuous coating and an adjustable mechanical slipping clutch ensures correct rate of wind-up and even coating, tensions of individual reels being achieved at the wind-off stage.

The coater operates from three 13A sockets and a compressed air supply, and costs about £3,000. It will be shown at the Second International Woodworking Industries Exhibition, Olympia, London, December 2-6, by Evode, of Common Road, Stafford (0755 3191).

PACKAGING

Cutting out glass jars

PAL saving on labour, packing, spare parts, transit and a packing costs for one well-known manufacturer currently as 8 on jars to pack instant oranges could be in the region of £750,000 per year if a move made to a lined carton.

This estimate is based on a 40-litre jar on an average usage of 20m. jars.

pharmaceutical manufacturer trying out the packaging on reported a saving of 20 per cent. against the cost of traditional containers, on the cost alone.

per and board, division of a Box, which has the licence to manufacture in the U.K. of these carton systems (Hermitec and Ceka—goes further and says that 1 cartons can offer savings up to 50 per cent. compared to glass, and give an equivalent shelf life.

tection

fferent types of liners are able to meet individual requirements for protection against transfer of moisture and gas. Oxygen sensitive products can be filled using inert flushing and vacuum techniques.

pack to contain motor oil garage forecourt dispensing already been developed and use in Scandinavia, while 1 litre wine packs are being evaluated. With

the liquor packs at least 15 per cent. more product can be held in the standard case.

As a replacement for existing types of container or for marketing a new product the division has developed a large, step-planned, venturion carton with a wide range of compatible closure features.

Acceptance by retailers of this could be hastened by its space saving abilities. It is estimated that 32 refill lined carton packs can be displayed in the same shelf space as 24 8-ounce glass jars.

Equipment for filling powders, granules and piece type products into these packs, dosing from 1 ounce to 12 lb at speeds up to 75/min, dependent upon the product, accurate within 1 per cent. is made by Autopack P.O. Box 2 Malvern, Worcs, WR14 1DB (06945 6165).

The Autopack equipment can be used in conjunction with the Metal Box packing machinery, including the inert gas purge.

The latest machine, which includes accurate weighing and volumetric dispensing of the product, as well as a nitrogen purge of the pack, and maintenance of a nitrogen atmosphere in the product hoppers and conveyor lines, has been supplied to Cadbury, where it is used for packing Smash. The gas purge, which removes 99 per cent. of the atmospheric oxygen, extends shelf life of the product by about six months. The machine costs £20,000.

Metal Box has, meanwhile, announced the Hermitec 10 semi-automatic cartoner, which has a modular design, allowing the machine to be adapted for many production requirements. Finishing, auto-ejection and on-machine filling are some of the options available.

Metal Box, Queens House, Forbury Road, Reading RG1 1JH (0734 581177).

PRODUCTS

Hydraulic rams

TO be the first advance in design for many years is a device incorporated in the new Stop Hydraulic range produced by Tangye-Epcor, 29th Street, Greet, Birmingham B29 7JH (021-723 2211). It is designed to prevent overstrking overloading, as well as lifting jack maintenance using ram-packing).

The mechanism comprises a ring with two springs, a ring bar, and a blow-off valve. Operation of the split ring is held in the piston, and as it moves into operation when the reaches the end of its stroke, it expands into a groove in the cylinder liner, the lock ring is forced and oil flows through blow-off valve into the ram.

traditional designs the ram only restrained under internal pressure by one lock-point, while the new system around the circumference of the ram. In addition, there is a

high pressure relief valve which only permits pumping to the correct load. Capacities range from 20 to 70 tons.

ELECTRONICS

Flat-pack relay

LOW-PROFILE relays that allow printed circuit boards to be mounted only 1 inch apart have been introduced by AMF/Potter and Brumfield, Whiteby Road, Bristol, BS4 4AZ (0274 776383).

Called the T10, the relay has a maximum height of 0.375 inch (9.5mm.) when mounted. Contacts are gold-plated silver arranged as four-pole double throw with a current rating of 3A at 30V dc. Low contact bounce and extremely long life are claimed, and the operate and release times are less than 15ms, including bounce.

Coil voltages range from 5V dc to 48V dc in standard steps and coil power is less than 500mW for all models. Overall dimensions when seated are 1.52 x 1.46 x 0.375 inches including the polycarbonate dust cover which snaps into position to protect the relay.

Even this year you can afford new trucks.



Lease.



Or rent.



Or buy.



Or rebuild.

Perhaps you didn't realise that new trucks do not necessarily mean new capital expense.

Perhaps also, and most understandably, you have decided that your present equipment is adequate for the time being.

Perhaps you are making a costly mistake.

Without charge or obligation on your part, we will advise you. We will send a fully trained and experienced Lansing Bagnall Engineer to examine your machines and your methods.

If they could, and should, be improved upon, he will say so.

If they are appropriate to your needs, he will confirm it to you.

His Recommendation will be based on our experience as Britain's largest manufacturers of materials

handling equipment, a company that has overcome more handling problems than any other in Europe. And it can include advice on how best to renew equipment if needed: with available Tax allowances, leasing can cost as little as around £14 a week.

This is no time to be inefficient.

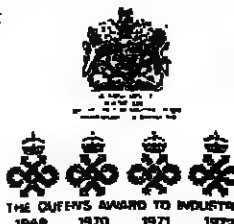
It is time to get the best advice you can on your materials handling.

See that someone calls us in soon; and that you get a copy of what we have to say.

Lansing Bagnall

Kingsclere Road, Basingstoke. 0256 3131

Good news in a tough year.



BOOKS

Man of letters

BY ASA BRIGGS

Trollope by C. P. Snow
Macmillan, £6.50, 191 pages

That C. P. Snow should celebrate his 70th birthday with the publication of a lively and handsome book on Anthony Trollope seems entirely appropriate. The two men have often been compared as novelists, and students both of literature and society will be interested to learn what Snow now has to say about Trollope's mind and art. So, too, will seasoned readers of *Bartholomew* and *From a more recent experience*, not entirely Trollopean, will find views of *The Pallisers*.

Snow is aware of a sense of "literary continuity," as he calls it, and certainly such a sense influences all our identifications of literary pedigrees and traditions. F. R. Leavis, who tangled memorably with Snow in the two cultures controversy, dismissed Thackeray very cursorily as "a greater Trollope" with "a part from some social history, nothing to offer the reader whose demand goes beyond the creation of characters" and so on. Snow places and interprets Trollope quite differently, happily finding some confirmation of his placing and interpretation in a verdict of one of the key figures in Leavis's "great tradition"—Henry James. "Trollope," James wrote, "will remain one of the most trustworthy, though not one of the most eloquent of the writers who have helped the heart of man to know itself."

Whatever Leavis may have had in mind in his words "and so on," Trollope himself was proud of his creation of characters. There was a whole gallery of them, he claimed rightly, adding that "of all in that gallery I may say that I know the tone of the voice, and the colour of the hair, every flame of the eye, the very clothes they wear." Snow likes this instinctive knowledge that the reader of Trollope's beings aren't to be separated from their souls. Throughout his biography he is far more interested in Trollope as a psychologist than as a sociologist or, as he is sometimes treated,

as a provider of fodder for the social historian. There are two references to psychology, indeed, in the very first two paragraphs. In the first, Trollope is described as the "finest natural psychologist of all 19th-century novelists," a characteristic Snow rating. (He says of Trollope's mathematics that he had to acquire his multiplication tables when he was a Government official.) In the second paragraph he notes that "conventional psychologists"—presumably Freudians—would claim that Trollope would have been happier had he been better loved as a child. Yet he does not hesitate to prefer Trollope's natural psychology to such conventional ideas.

In one of the best passages in the biography Snow distinguishes a character in a mid-Victorian fashion between "inherent nature" and "character." Trollope's insights were clear and bleak, but he fashioned a "character" for himself—as others might project an image upon him. In fact, he was far more aware of his own nature and blustering, but such expressions of character, like his "straightforwardness," were acquired. "Very few writers, and probably very few men, have ever lived with such complicated undercurrents of intuition and sympathy, which is why he, in his own behaviour, controlled them so harshly."

There are moments in the biography when we feel that Trollope is being treated like a character in one of Snow's own novels, with much being said, to good effect, of the duality of his life as a civil servant in the Post Office, un-reformed and reformed, and his work (and it was work) as a novelist. Until he was 30, Trollope never wrote anything so excited about a piece of literary good fortune as he did about his promotion to a full Surveyorship in 1834 at the age of 39. Snow notes also how Trollope was happiest at the



Whist at the Athenaeum: Trollope (left), Abraham Hayward, Right Hon. W. E. Forster and Sir George Jessel

Garriek Club playing whist—he played at the Athenaeum too—or at the hunt until he felt too old. In fact, he felt too old far too soon, and his Autobiography, "Confession at Sixty," includes the sad words: "I am often again tempted to hope, almost to pray that the end may be near."

Snow, who wisely treats the Autobiography with caution, is less successful in dealing with the social context of Trollope's novels than he is in dealing with Trollope's nature and character and with the characters he created. He is not entirely at ease with the 19th-century religion or politics or with the complex relations between the two. He has no references to Palmerston (about whom Trollope wrote a biography) or to Peel (who influenced his not unique brand of "advanced Conservative

Liberalism") or to Bagehot, with whom many historians, including myself, have already and still want to compare him. It is not true that Cardwell was a civil servant or that Sir Henry Taylor served at the Colonial Office when "the imperialist fervour" was "at its apogee." *The Way We Live Now*, a favourite book of his, is not of contemporary criticism, is dealt with very briefly. Snow does not seem to have spent quite enough time exploring nineteenth-century corridors of power, although it should be added that he has made excellent use of the greatly neglected Post Office records and demonstrates convincingly that the author of *The Prime Minister* also invented the letter box.

A letter box is one of the many illustrations, all of which have been well chosen and many

of which are delightfully fresh and illuminating. The social historian has plenty to ponder on here. They also tell us something about Trollope too and what kind of a master he was. Dickens demands both caricature and impersonation. Trollope with his "realistic novels" requires not only Millais, who drew the three card trick, but also a "consentaneous" drawing from his novels, but a whole mid-Victorian picture gallery to go with the gallery of characters. Sunday Morning, *The Walk from the Church*, *The Preston By-Ellection*, *The General Post Office*, *One Minute to Six*. There is even an exotic cartoon in this book from the Melbourne Punch, "The Good St. Anthony." The title was ironic, and there was plenty of irony in Trollope's life. Snow makes him live, and so first biography—at seventy—could do more.

Deaths and entrances

BY C. P. SNOW

The Continental Op by Dashiell Hammett. Edited with an introduction by Steven Marcus. Macmillan, £3.95, 287 pages

Curtain: Poirot's Last Case by Agatha Christie. Collins, £3.95, 221 pages

What Are the Eagles Bleeding For? by Nicolas Freeling. Heinemann, £5.50, 218 pages

The two sub-divisions of the crime novel still fight it out. Sensation stories, as the nineteenth century called them, on the one hand, backed by Julian Symonds, with an authority every one respects: on the other hand, the more cerebral, the death of which has been prophesied for 40 years and which are now showing a brilliant renaissance, mainly through English women, Gwen Butler, Ruth Rendell, Celia Fremlin, Elizabeth Ferrars—recently P. D. James, the most gifted practitioner for a generation.

Dashiell Hammett was the creative force behind the modern sensation story, with all its characteristic features, positive and negative: no classical restraint, plenty of violence, direct private eye prowling in danger on the fringes of society, an outsider as Hammett was himself. Like Doyle, the creative force behind the classical detective story, Hammett had more native literary talent than any one who came after him. He

was a real writer. He shows marked resemblance to Hemingway, but these early stories preceded any publications of Hemingway (incidentally both the three card trick and the mental centres). This batch of stories about "The Continental Op," an anonymous fat, violent employee of a private agency, aren't good in themselves, but they foreshadow *The Thin Man* and *The Maltese Falcon*.

The most interesting thing in the volume is Steven Marcus's preface. Professor Marcus is a good critic and a fine scholar. He says that with Hammett for the first time crime novels moved in the direction of literature. Just for once, though, Marcus is following the American mode, and assuming that only the negation of order can be literature. (The mode has been behind the American difficulty in coming to easy grips with realistic as opposed to naturalistic art.) Conan Doyle's stories are part of literature, unless one rules out the whole of classical art. Order is at least as deep a theme in art as disorder, and classical detective stories can be a reassuring manifestation of order in a minor form.

Agatha Christie has been performing permutations on the theme of order for something like 60 years. She is the great survivor in the history of the detective story, popular all over the world (and so in the USSR), dazzlingly sidling in a

way entirely her own. She has made her own rules, and relied on her ability to baffle us with a kind of psychological sleight of hand or a Christie version of the three card trick. Sometimes she hasn't kept to the orthodox restrictions of the classical story, and it is arguable that she may not have done so in *Curtain*, apparently written 34 years ago and now at last published. It is as will be seen in the final pages—genuinely Poirot's last case.

Christie's solutions will have deeper problems than any Sherlock Holmes Society. At a modest computation, Poirot in this book is somewhere round the age of 120. The story is, of course, startlingly ingenious, though not so plausible nor down-to-earth as the best Christie. But what writer this century has sought more people through worried nights? Nicolas Freeling, the creator of Van Der Valk, now regrettably deceased, is a most interesting man. He is said to be English, but lives in the Vosges with a Dutch wife. Though he writes admirable and elegant English, he uses expressions which suggest that he now doesn't often use his native tongue. This book, though it begins with murders, isn't quite a sensation story or a detective story. It has its own literary distinction, and is the best exposition I know of French criminal law.

Caught in the cogwheels

BY ANTHONY CURTIS

The Lost Honour of Katharina Blum by Heinrich Böll translated by Lella Vengewitz. Secker and Warburg, £2.90, 140 pages

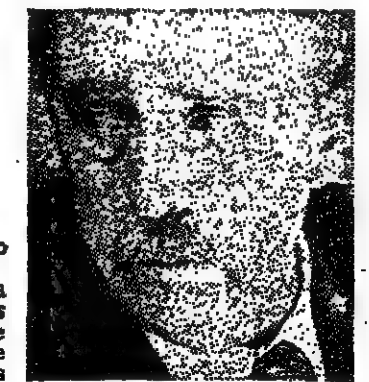
Take one girl. Scoop her up out of thousands in a prosperous West German city. Give her a dependent parent, an ex-husband. Let her earn the bulk of her tolerable livelihood as a domestic help to a lawyer and his wife. Make her fastidious, industrious, self-reliant, attractive and provident so that eventually she saves enough to own a Volkswagen and a small apartment purchased on a mortgage.

She is Katharina Blum, who epitomises all the most admirable virtues of her race. The modern urban world of the West is simply made for people like her, people who are not afraid

of hard work and know how to look after themselves.

Yet Katharina does have a breaking-point. Herr Böll shows us how rapidly it may be penetrated once she has become the victim of the twin terrors of our time, merciless interrogation and a smear campaign in the Press. Through her completely innocent association with a man wanted by the police whom she meets at a party, Katharina becomes inextricably caught up in the meshes of an infernal machine which once it is set in motion cannot be stopped. "How violence develops and where it can lead"—is the sub-title. Virtuous Katharina cold-bloodedly shoots the "investigative" reporter on her story and then informs the police of what she has done.

Herr Böll presents all this in



Heinrich Böll: police dossier

Iran and over Afghanistan to Peshawar, up and down India and Pakistan, countless trips in Burma and Malaysia and Indo-China. Omitting China, he flew from Saigon to Tokyo, took the train north to Hokkaido and came south again for the ship that feeds the Trans-Siberian at Nakhodka, near Vladivostok.

His descriptions both of trains and of passengers are delightful. The book is amplified diary, none the worse for that; but I felt that Mr. Theroux was running out of steam towards the end. The Trans-Siberian gets only 48 pages out of 342. No doubt it was dull, studies of his fellow-travellers, but if Mr. Theroux had been encounters with railway officials and their like. Only occasionally does he leave the railway long enough to meet citizens of foreign parts, or deliver a lecture to pay the fare for his next lap. His route ran through Europe to Turkey on the disappointing Direct-Orient Express; through

the dust-jacket comes irrelevantly from the pre-grouping Caledonian Railway. Mr. Theroux never saw that.

Fiction

Forthcoming attractions

BY ISABEL QUIGLY

Dead Babies by Martin Amis. Cape, £3.25, 284 pages

Natural Enemies by Julius Horwitz. Gollancz, £3.00, 215 pages

Vote to Kill by Douglas Hurd. Collins, £3.50, 216 pages

It's apocalypse week, the fiction of ultimate horror, thick with menace, unimaginably black. If art reflects life as well as the artist's temperament, then we're pretty deep in the waters of hell already. Martin Amis's *Dead Babies* is set in a future about eight or ten years from now, in the prettily named Appleseed Rectory near an unspoiled village with Edwardian lamp-posts in Hertfordshire. The Rectory houses a group where morals and manners seem to be somewhere between those of the Manson family and one of the randier pop groups, yet "by the standards that here obtain..." we are told, it "considers itself a fortress of the old pieties, a stout anachronism, a bastion of the values it seems to us so notably to lack."

We follow its progress through a weekend with visitors, in which old-fashioned entertainments—picnic, trip to London, theatre-going—are given a new twist through drugs, violence and non-stop sex. Celia, Diana and Lucy, Celia Goldstein and Queenie Villiers—in a bunch the names sound smart and fictional, like Appleseed Rectory itself.

Since drugs alter perception, the world around the Appleseeders keeps changing in a way that matches their own spiritual delinquency. Personality melts: like wax or plastic they drip under the heat of this or that pill or needle, the momentary excitement of lust or cruelty, while the physical world is deformed around them—perspective, solidity, familiar shapes all shifting, receding, closing in. Vivid as nightmare, for all its melting presences, *Dead Babies* creates a world in the round, consistent and credible in its ferocity, rather as *A Clockwork Orange* does: a world with its own style and language, its conventions and acceptances.

Martin Amis's ability to use things—objects and sensations, the physical and immediate—which in *The Rachel Papers* conjured a love affair, an age group and a way of life, is here used much more ambitiously to conjure a spiritual condition, a world and way of life beyond most of our worst dreams yet with a hard logic that seems to lead straight from here, through, from now to then. And it's even viciously funny, at once a hideous joke and a technical triumph.

Natural Enemies isn't funny or high-spirited, but densely sad, a soliloquy on the state of the American nation and by extension outwards on the state of the world, inwards on the state of a man's soul. The setting is New York and the commuter country of Connecticut, to which scared New Yorkers have fled, two hours' train journey away.

and there, like many ordinary respectable Americans to-day, it seems, the hero has decided to kill his wife, his children and himself. Despair, not just for himself but for them when he considers their place in the world and the point of their being there at all, makes it impossible for him to envisage any future, his or theirs. So he wakes in the morning, makes his plans, loads his gun, spends his last day at the office, sees friends, has sex with no less than six women (five all at once, at lunch time; one in the train on his way home), and wonders about it all—the impossibility of communicating with his wife, the emptiness of action when everything has grown meaningless, the horrible lessons of recent history (his closest friend is a survivor of Auschwitz), the impossibility of explaining the inexplicable, such as his urge to kill his family and himself.

This man broods on the young, not necessarily his own: "We have among us now the first generation of children who kill with no emotion, no sadness, no feeling for their victim. They might have been bred by SS guards. They form the enemy population of New York... they [live] like the cavemen a million years before them, they [kill] on impulse, leaving their victims to wonder why they were killed." There's power in the short, barking sentences, the sense of doom and darkness and cosmic incomprehension.

With *Vote to Kill* we're back in more everyday country, even though at the centre of power; and although it's a few years ahead of the present, that's just the device to introduce a new political set-up. Douglas Hurd is MP for Oxon, Mid. and was Mr. Heath's Political Secretary, so he knows what he is writing about when he writes about life at No. 10 and Political Secretaries. Here, he has a Conservative Prime Minister back in office, elderly and ailing and plagued once more by violence in the Northern Ireland; also, at home, by a campaign to bring the Boys Home, led by a dangerous demagogue who sees the unpopularity of keeping troops in Ireland as the ladder to power for himself, and—what makes it something of a political whodunnit—by leaks from someone clearly in the know in Downing Street itself.

How does the IRA get wind of arrests before they are due? How does a murderous crossbow get into one of the dispatch boxes? The detection isn't as important, though, as the atmosphere and Mr. Hurd's familiarity with the life of power, the details of administration, the daily ordering of government, the strange programmatic and last-second decisions, the shifts of influence, the everydayness, in practice, of large events. A very good read indeed, with all the fun of knowingness, lightly carried, and a dedication to (whom else?) Mr. Heath.

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Closely observed trains

BY B. A. YOUNG

The Great Railway Bazaar by Paul Theroux. Hamish Hamilton, £4.50, 342 pages

Ever since childhood, says Mr. Theroux, I have seldom heard a train go by and not wished it was on it. As an act of supreme self-gratification, he went by a series of express trains from Victoria to Japan (filling in the gaps unwillingly by air) and returned on the Trans-Siberian Express. His account of the journey is thus confined to what he could see through the windows and on the station platforms, but if Mr. Theroux had been encounters with railway officials and their like. Only occasionally does he leave the railway long enough to meet citizens of foreign parts, or deliver a lecture to pay the fare for his next lap. His route ran through Europe to Turkey on the disappointing Direct-Orient Express; through

Iran and over Afghanistan to Peshawar, up and down India and Pakistan, countless trips in Burma and Malaysia and Indo-China. Omitting China, he flew from Saigon to Tokyo, took the train north to Hokkaido and came south again for the ship that feeds the Trans-Siberian at Nakhodka, near Vladivostok.

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Votes for change

BY MAX BELOFF

Adversary Politics and Electoral Reform edited by Professor S. E. Finer. Anthony Wigram, £4.50, 374 pages

It is perhaps a pity that Mr. Anthony Wigram's unrelenting effort to persuade the Conservative conference to endorse electoral reform should have come so soon after the publication of this remarkable collection of essays edited by Professor S. E. Finer, a recent but enthusiastic convert to the cause. For it may be the case that the delegates at Blackpool had had more time to consider the arguments set forth, they might have been less certain that they or the country would benefit by their adherence to traditional responses to the subject. For the situation is not the same as when they acquired these responses, and it is extraordinary that so intelligent a Tory as Mr. Angus Maude should not have appreciated the simple fact.

Electoral systems exist for an end and are modified when that end no longer suits those who have the power to change it. The British "first past the post" system suited a situation when "adversary politics" could easily be afforded. It was possible to contemplate with equanimity the substitution of one party in government by another: first, because the two parties were not so far apart that one would immediately seek to undo what the other had done, and second, because neither party was in danger of being controlled by a minority seeking to overthrow the system altogether. As things stand now, it is easy to show that a Labour Government can with the support of less than 40 per cent. of those voting (let alone of the electorate as a whole) impose on the country a series of measures which it does not want and for which it yet can claim a "mandate."

Nor does it seem very helpful that there is a chance of a Conservative Government with not much more support coming to replace it. There are aspects of the nation's life in which the mere alternation of policies can be disastrous. Two distinguished economists show in their essays how this is the case in respect of the economy

in general and incomes policy in particular. The same might be said of the confusion over pensions and housing policy. Or one could take a subject of equal importance—education. One must believe Mr. St. John Stevens when he says that a Conservative Government will reverse the monstrous decision to end the direct grant system with its closing of the doors to talent among the offspring of the less wealthy—but if after a few years of Conservative Government, a Labour Government goes back to the compulsory comprehensive philosophy, will not all the good be undone? And in that circumstance how can schools, or parents plan for the future? To say that electoral reform would make outright majorities for parties collecting less than half the total votes no longer possible is true. But if this means power-sharing by Conservatives, is that not a small price to pay for making a style of government almost out of the question? There is also the question which Mr. Maude's rhetoric could not altogether conceal. Given the power of certain groupings within society—notably trade unions—to make government inoperative even for a party with clear majority, so that some clash of wills is almost certain unless one has a Government subservient to such groups—is not any system which makes it likely that Governments will command a wider consensus, a strengthening of the authority of Government itself?

What the essays in this book demonstrate is not that electoral reform is a panacea for all our problems but that "adversary politics" may be a luxury that no advanced industrial democracy can any longer afford. Of the other successful—read: the English-speaking—countries, only the English-speaking countries and France—for one could take a subject of equal importance—education. One must believe Mr. St. John Stevens when he says that a Conservative Government will reverse the monstrous decision to end the direct grant system with its closing of the doors to talent among the offspring of the less wealthy—but if after a few years of Conservative Government, a Labour Government goes back to the compulsory comprehensive philosophy, will not all the good be undone? And in that circumstance how can schools, or parents plan for the future? To say that electoral reform would make outright majorities for parties collecting less than half the total votes no longer possible is true. But if this means power-sharing by Conservatives, is that not a small price to pay for making a style of government almost out of the question? There is also the question which Mr. Maude's rhetoric could not altogether conceal. Given the power of certain groupings within society—notably trade unions—to make government inoperative even for a party with clear majority, so that some clash of wills is almost certain unless one has a Government subservient to such groups—is not any system which makes it likely that Governments will command a wider consensus, a strengthening of the authority of Government itself?

At a time when the State more and more and with less authority, an electoral system which manifestly disempowers the popular will does not the State. Mr. Maude at least study this book and think

Crimes BY WILLIAM WEAVER

Simultaneous Equations by Laurence Hallé, Jonathan Cape, £3.25, 218 pages

The Small Hours of the Day by Margaret Vassie. George Allen, £3.25, 180 pages

Nicholas Goddard, Mr. Hallé's protagonist, has a mind that goes in several directions at once (hence the book's title). And he has a lot to think about: he has committed murder, his mother-in-law is dying, he has had sexual problems with his wife, and he starts an affair with his secretary. Sometimes, in Italy, sometimes in the set of by dashes, his imaginings interact with his real actions and conversations. The device is pretentious and becomes very tiresome long before the book ends (one is frequently tempted to skip the italicised bits and read on with the real story). The author knows how to suggest actual plot is sound, and there are some effective descriptions, and mental derangement, be it the mother-in-law's death, for example. Next time, perhaps Mr. Goddard, but a why it was

Hallé will decide to tell adventure straight, and let elegant prose speak for it without tricks.

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Michael Joseph

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Douglas-Jay traces the course of credit inflation and draws some morals from an object lesson in how not to conduct monetary policy

Too much competition, too little credit control

HOW FAR was the great bank in these and earlier years. But credit inflation of 1971-74, which made possible the upsurge in prices from which we are still suffering, caused by the Budget deficit and borrowing requirements of those years? It is certainly becoming conventional wisdom to believe that it was the actual banking figures and not support this view. They suggest that the huge rise in advances during the period, and its policy of "Competition and Credit Control" which permitted this, must also bear a large share of the responsibility.

Move in line

Nobody need deny that there is a rise in the public sector borrowing requirements between 1971 and 1975, a rapid expansion of bank deposits, and advances particularly in 1972 and 1973, and an unprecedentedly steep rise in prices in 1975. Nor need one doubt at the credit inflation was a necessary condition of the rise in prices. But neither of these facts in itself establishes that a borrowing requirement was a sole or even main cause of credit inflation.

Mr. Michael Parkin, for instance, in the *Lloyds Bank Review* for July, 1975, claims to have "presented direct and ample evidence which shows that variations in the public sector borrowing requirement after all, made for man, and a money supply growth move not map for reserve ratios. For highly in line with each other".



Sir Stafford Cripps set up a working party in 1948 to restrain the banks from frustrating the Government's disinflation policy: then advances were only 40 per cent. of the banks' total assets. By 1974 they were over 80 per cent.

BANK ASSETS AND LIABILITIES

	Dec. 1971	Dec. 1974	Increase	%
TOTAL ASSETS	£m. 36,865	£m. 85,204	£m. 48,339	131.1
Reserve Assets	3,107	4,297	1,190	38.3
Advances	29,292	76,039	46,747	159.6
Govt. securities	2,440	1,352	-1,088	-44.6
ELIGIBLE LIABILITIES	17,900	31,537	13,637	76.2
RESERVE RATIO (%)	17.4	13.6		

¹ Deposit banks, Bank of England-Banking Department, accepting houses, etc.
² Including Treasury Bills.

Sources: Financial Statistics: March, 1975, and October, 1972

not necessarily, as now, be counted as a reserve asset by the commercial banks. There is no divine law which lays down that Government borrowing must have a certain multiplier effect.

The policy of "Competition and Credit Control" was introduced in September, 1971, and direct limits on advances removed. The consequence of this policy, together with the Government's borrowing, is broadly summarised in the table.

On the new definition of reserve assets and the new reserve ratio of 12½ per cent., the banks found themselves with a percentage well above what was necessary. Consequently, they were free to increase their ad-

vances on a lavish scale. Special deposits could have checked this. Indeed the Bank of England (not confined to house purchase) was also introduced in 1971, had said: "The techniques of monetary policy now proposed would involve more reliance on changes in interest rates, supported by calls for special deposits."

Not enough

In fact, special deposits were sharply increased up to December, 1973, but not by enough to stem the upswing. There was much more competition than policy should not be conducted. credit control. No doubt if the private demand for advances had been weak, the whole expansion might have been held

Cripps in 1948-50 over a Joint Treasury-Bank of England Working Party set up to restrain the banks' from frustrating the Government's disinflation policy, how strong was the clear ing banks' thrust for expanding advances. The Bank of England then seemed somewhat lukewarm in holding them back, while Treasury officials appeared slightly bemused by the problem. Advances were then only 40 per cent. of the banks' total assets. By 1974 they were over 80 per cent.

Recipients

Between the end of 1971 and the end of 1974, as a result of all these forces being let loose together, total advances went up by the staggering total of over £46bn. and total deposits by a similar amount. This was the predominant monetary phenomenon of these years. Advances naturally create deposits. A major slice of the additional advances was made to overseas residents and a major slice of the new deposits held by them. But even if we disregard these as irrelevant to the domestic money supply, advances to U.K. residents rose by about £20bn. in these three years and M3 by nearly £19bn. Advances and deposits were doubled or more than doubled in three years.

Who were the recipients of these new advances? This at least is clear enough from table 52 of Financial Statistics (July, 1975). Between end-1971 and February, 1975, the increase in advances to manufacturing industry was £6bn. No doubt these advances were partly to enable firms to buy materials at rising prices, but also partly to finance rising pay rates. Here is interesting evidence (monetarists, please note) that rising pay rates may sometimes be the cause of credit inflation and not the other way round, if the authorities are determined to maintain full employment.

Hard doctrine

I am one of those who believe that the borrowing requirement should now be further curtailed, and that what must be borrowed by the public sector should, so far as possible, be raised by non-inflationary methods. But how far these efforts succeed, it will be equally important in the future, if we mean to keep credit growth under proper control, to prevent new deposits being created on an excessive scale by lending to the private sector. Nor on the evidence need we doubt that in the past few years inflation of pay rates was one factor swelling the rise in advances and hence the credit explosion.

Hard doctrine though it is, we need in future budgetary restraint and banking restraint and pay restraint.

The author is Labour MP for Warrington, Battersea North.

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Extracts from a statement by Mr George Williams, Chairman, at the Annual General Meeting of Christie-Tyler Limited held on Thursday, October 16, 1975.

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WOOD CHIPBOARD

Even though sales are continuing their steady upward climb, the industry is faced with acute problems. Over-investment in capacity has led to a vicious price war and producers are suffering heavy losses.

Bitter taste to success story

WOOD CHIPBOARD has been the success story of the U.K. timber trade in recent years. Sales have risen in a spectacular way year after year, as the result of chipboard making great inroads into the furniture and building markets in particular.

But although chipboard sales are still going up even during these depressed times in demand for timber generally, the chipboard industry is faced with acute problems.

A vicious price war has broken out as a result of a

large surplus of supplies chasing too little demand, and producers generally are suffering heavy losses on very expensive investments. As one producer put it: anyone claiming to be making a profit out of chipboard at present is a liar. This may be putting the situation somewhat bluntly but it does reflect the general situation in the European industry where it is calculated that existing production capacity exceeds demand by at least 30 per cent. and it is reckoned that it will take at least two years to bring supply back into line with consumption.

Imports

In the meantime selling prices, in a reluctant buyers' market, have now fallen back to January 1974 levels, despite the huge rise in production costs since then, as British manufacturers have been faced with a flood of cheap price imports.

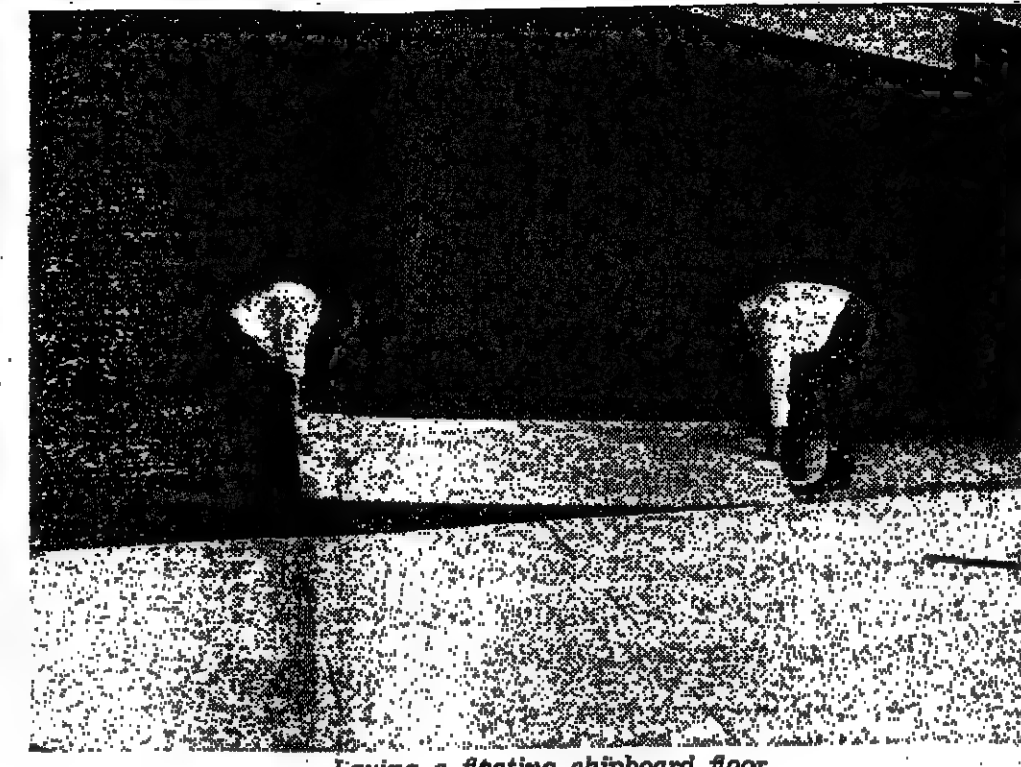
Perhaps dazzled by the tremendous growth in demand for chipboard, and its promise as the material of the future,

there was a general rush into expanding manufacturing capacity throughout Europe. The U.K. was left behind in the initial rush and imports captured the major share of the British market during the great boom period. But the manufacturing capacity in Britain has been doubled in the past five years and can now supply at least 40 per cent. of domestic needs, at a time unfortunately when over-production throughout Europe has made a disastrous impact on profitability. Chipboard manufacture is highly capital intensive, based on large production runs, and has additionally been hit by the oil crisis not only raising energy costs but also inflating the price of the oil-based resin glues—one of the key raw materials used in the manufacture of wood chipboard.

It is estimated that resin glues now account for about a third of the raw material cost, which in turn is about 50 per cent. of the total production cost. There are also some doubts in Britain about the adequate supply of the main raw material required—wood—although this is not such a pressing problem at the moment. On the demand side the Chipboard Promotion Association estimates that sales during the first half of 1975 were between 10-12 per cent. higher than last year: a remarkable achievement bearing in mind the steep declines in consumption of other types of timber. Chipboard enthusiasts point out that it is not just a cheap substitute, but in many cases is the best material available for the particular purpose required.

A good example is chipboard's sound-proofing qualities that make it ideal for use in the manufacture of record players, television sets and radios.

Perhaps its biggest advantage is that chipboard production can be varied in order to suit the particular requirements of



Laying a floating chipboard floor.

individual market sectors. In other words, manufacture can be tailored to specific end uses, bearing in mind of course that chipboard is a mass production product. But its adaptability, inherent qualities, and price competitiveness have enabled chipboard to capture a major proportion of the furniture market; a large slice of building and construction particularly for floorboards; and also a growing share of do-it-yourself timber sales especially with the melamine-faced boards that are a great attraction to the handyman.

The ability to adapt to new uses is an important asset to the future of chipboard. The timber trade as a whole has been badly hit by the depressed state of the building and construction industry—its main customer—but chipboard's price competitiveness has helped off-

set the impact. So far, it is board manufacturers' sales that have held up remarkably well in view of the depressed conditions hitting our industries, but there are serious doubts as to how long this can be sustained. Some people feel that furniture sales must be badly affected once the cutback in wages in real terms against rising costs of essentials, such as food and clothing, really begins to bite in Britain. Others point out that there are always doom-laden forecasts for furniture sales, which fall to materialise.

Furniture

Since furniture accounts for some 30 per cent. of chipboard sales, any setback in this sector would have a serious impact on sales and possibly be the last straw for many chip-

board manufacturers' sales. It is fact that chipboard supply Britain will probably have to work harder to expand sales in the future, since the "a" markets substituting for timber—such as plywood softwood—have now been captured and Britain's per capita consumption of board has to a large extent been redressed in recent years. Nevertheless chipboard is an exciting development in a material from joinerywork forests that would otherwise have been wasted. In an increasingly pre-occupied depletion of raw materials for the future shortages of timber are to recur.

John Edw.

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ESTABLISHED SINCE 1973 as the sheet material with the largest market share in Britain, wood chipboard seems destined to retain and even further dominate its traditional application areas in furniture and building, as well as break into new fields. For some uses market growth depends simply upon an increase in volume demand, while in the newer application areas large scale penetration depends on acceptance and technical quality.

The best way of discovering the next market moves for wood chipboard is to look at industries coming under scrutiny from the chipboard marketing men. Ask the Chipboard Promotion Association, for instance, to identify the markets of the future, and in the light of the new improved chipboards now coming on the market they will talk first about agriculture.

The market for farm buildings, extensions and improvements is regarded as the largest untapped market for chipboard, and is quite separate from the general construction and building sector in which chipboard is better known.

Improved moisture resistance, a feature of the new chipboards, is a key factor in the efforts now being made to break into this field. The size of the potential is certainly borne out by the figures. Last year the total investment in farm buildings in the U.K. was, according to CPA researchers, £160m. Of this, only £25m. went on completely new buildings and £70m. on maintenance, with the balance accounted for by extensions and improvements to existing buildings. It is the latter area, particularly in view of the current economic climate, that represents the main potential for chipboard.

Even in new farm buildings, applications. One of the central problems in breaking into these markets is the question of acceptance. It is an extremely fragile market and requires a good marketing expertise to the possibility of prefabricated, ready-to-assemble, packs for building manufacturers, covering quite a small area of the country. But it is felt that there is a potential is there if the

CONTINUED ON NEXT PAGE

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WOOD CHIPBOARD II

Fall in demand leads to mill closures

THE CURRENT economic depression which is affecting all the Western European countries has had a catastrophic effect on the producers of wood chipboard. From the late 1960s there has been a huge investment in manufacturing facilities and even if demand had reached the forecast levels the industry might have found itself having to strike a difficult balance between demand and overproduction: the slump has meant that demand is now running some 33 per cent below production capacity, according to the European Federation of Associations of Particleboard Manufacturers. (Particleboard is the generic term used for all chipboards which can be made from materials other than wood, for example, flax shives, bagasse, the residue of sugar cane, and many others). The result is that every mill is producing board at a loss, and all the signs of a depressed industry are manifest.

Cabinet

One of the industry's basic problems is that profit margins have always been tight. This has its roots in the origin of the product. Most of the early development work was undertaken in Germany during the second World War with the object of replacing solid wood and the image of an "ersatz" wood product has tended to cling ever since. But to-day's product is an essential raw material in its own right, the mills in which it is produced represent an investment of

millions of pounds each and many consuming industries, particularly the cabinet side of the furniture industry, could not exist without chipboard.

The slide in price levels began about a year ago when consumption in Germany began to fall. As might be expected in the country which did most of the early work on the material, Germany has always had a very high per capita consumption and therefore any fall off in consumer demand for the products which use chipboard in their manufacture is immediately reflected at the board mills. Germany was also an importer, taking quantities both from the Scandinavian countries and in particular from its fellow EEC member, Belgium. The Belgian mills soon felt the effects of the German recession and when they looked round for other markets they focused their attention on the U.K., which traditionally had bought the chipboard not supplied by its home mills (about half the annual consumption) from the Scandinavian countries. In the ensuing price war every producing country suffered and the stage has now been reached when mills will probably close permanently rather than continue producing at uneconomic levels. Indeed this process has already begun—in Belgium three mills have closed in the last few months and in the Scandinavian countries, after extended holiday shutdowns and other curtailment in production, rumours are rife of impending closures. Finland has been hit particularly hard. The Finnish forest

products producers concentrated on chipboard in the early days whereas the Swedes were looked upon as fibre building board producers. Finland needs to export about 70 per cent of its production and so its industry soon suffered. One producer, Heinola Panerfabrik, which opened a Mende mill to produce thin chipboard exactly a year ago, representing an investment of the Finnmark equivalent to £2.5m., has been taken over in a rescue operation by Enso Gutzeit, another forestry concern in which the state has a majority holding. If prices continue to be depressed it seems inevitable that similar operations involving other producers will follow.

Sweden, which is the U.K.'s third largest supplier, arrived later on the chipboard scene but the state owned forestry conglomerate in that country, Statens Skogsindustrier, is faced with a dilemma. About two years ago it decided to build a large mill at Laxa: this is now well advanced and is due to come on stream next summer. Chipboard mills are complex things and usually take about a year to shake down into full production: even so unless the depression lifts the industry generally must view with increasing disquiet the addition of yet another major source of supply, especially since the "running-in" production of a mill is traditionally disposed of at particularly keen prices.

Romania, which is currently standing fifth in the list of suppliers to this country, was on the receiving end of an anti-dumping order in January of this year. Since then price

levels have fallen even more and it is reported that the Romanians have applied to have the order rescinded. The state produced Romanian board has held up well. Very little stock is holding is taking place in the distributive chain in present conditions so there is little lag between import and consumption and the home mills have probably now cut production enough to avoid stock building. U.K. imports to the end of July were 613,000 cubic metres, down 5 per cent on the same period in 1974, and home production at 293,000 cu. m. was 38 per cent up. Belgium was our largest supplier sending 151,227 cu. m. of wood chipboard plus 73,361 cu. m. of faxboard worth a total of over £9m. Finland came second with 83,345 cu. m.; Sweden was third with 74,101 cu. m. and Austria fourth with 51,803 cu. m.

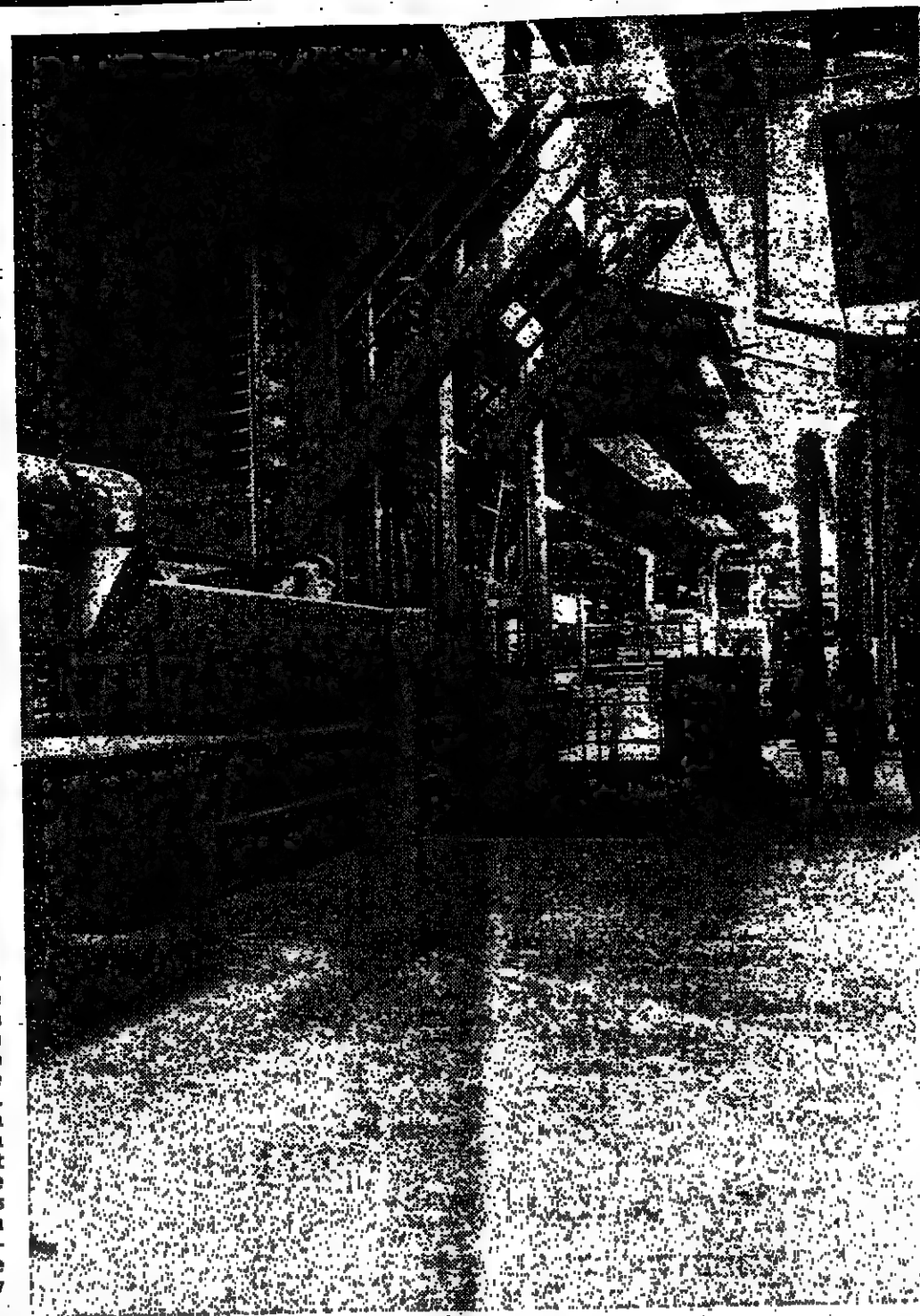
Investment

U.K. mills produce about half the wood chipboard used at home and are led by Weyroc, now 75 per cent owned by Swedish Match. The home industry has had to meet the price competition and has done this with a series of "special offers" and discount schemes. In response to the demand from the furniture industry Weyroc has produced a fine surfaced board but the change in technique has led to some production difficulties. After a difficult running-in period our newest mill, Scottish Timber Products at Stirling, has survived a financial reconstruction and is getting its share of the market, but like every other producer at prices which cannot show a return on the investment which must now be running at over £12m.

The latest trade statistics which cover the first seven months of this year, show that consumption in the U.K. has held up well. Very little stock is holding is taking place in the distributive chain in present conditions so there is little lag between import and consumption and the home mills have probably now cut production enough to avoid stock building. U.K. imports to the end of July were 613,000 cubic metres, down 5 per cent on the same period in 1974, and home production at 293,000 cu. m. was 38 per cent up. Belgium was our largest supplier sending 151,227 cu. m. of wood chipboard plus 73,361 cu. m. of faxboard worth a total of over £9m. Finland came second with 83,345 cu. m.; Sweden was third with 74,101 cu. m. and Austria fourth with 51,803 cu. m.

As for the outlook for the producers generally, the prime need is for a recovery in price levels to make their production profitable, but the realists see little hope of this with the surfeit of production capacity. Two things would help—a revival in demand or a reduction in capacity. The optimists root for the former and the pessimists see the industry's salvation in the latter. In practice the next two uncomfortable years will probably see both factors at work until a new balance is struck.

W. G. Potter



Part of the Weyroc plant for chipboard production.

Areas

CONTINUED FROM PREVIOUS PAGE

of acceptance can be cleared.

Another major potential outlet lies in extending the already long list of chipboard applications in the building and construction industry. Here, progress is being made in the timber frame housing market, which is itself growing. There are currently 35,000 timber frame housing units going up every year in the U.K., and optimists in this sector of the construction industry are talking about the technique capturing half the low-rise housing market in the not too distant future.

If this happened it would represent a fair increase in chipboard consumption, since there are two main uses involved. First, there is potential for chipboard as an alternative to the traditional plywood external sheathing and, second, the melamine coated varieties can provide a lining and a surface combined in one sheet for locations such as kitchens and bathrooms.

Possible changes in building regulations, putting more emphasis on the thermal insulation properties of floors, may offer another boost for chipboard in the construction business. Whereas at one time most ground floors in two-storey houses were wooden, nowadays around 90 per cent use a concrete slab floor, screeded and tiled. This has

become established as a cheap and easy method.

However, the insulation properties of this system are poor and it is thought that while building regulations on thermal properties have tended to concentrate on walls and roofs, this may change in the future. Apart from that factor, however, the CPA claim that by using chipboard laid on polystyrene on top of the concrete slab, there would be a further cost saving, too.

Incentive

Apart from providing this so-called "floating floor" with insulation properties 200 per cent better, they say this method gives a floor that is quieter, warmer to stand on and more comfortable by virtue of its "springiness." For the builder, though, the best incentive comes from the claim that use of this method could save £100 a house in construction costs. The implications of that for a local authority building thousands of houses is obvious. For the chipboard manufacturers who have already deeply penetrated the market for flooring on upper levels, wide acceptance of the method could double their 150,000 cubic metres per year domestic flooring market.

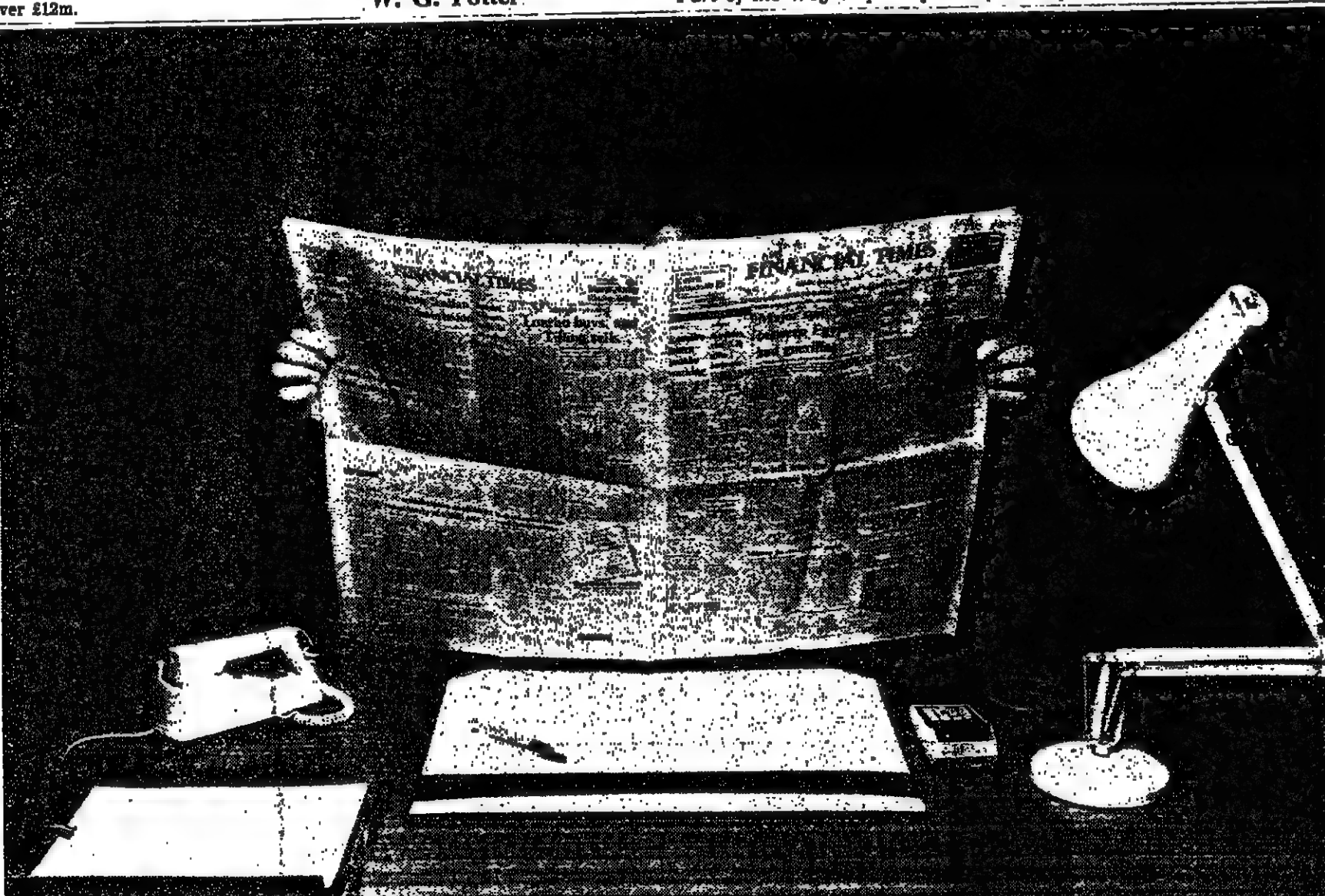
Manufacturers also hope to make further inroads in the

transport industries market, where chipboard has been studied for possible use as flooring for buses, for instance. There are already uses in the backs of coach seats and for bulkheads in vans and trucks. The material is even being looked at in its thin form, with a metal foil covering, for van bodies. Packaging applications, such as for separators, boxes and pallets, as well as various uses for extruded board, seem likely to increase too.

Wood chipboard's principal advantage is its cheapness and the fact that it is an efficient user of materials—only the leaves of a tree are unsuitable for it. Apart from the structural uses, as in furniture and to some extent building, in applications where a good surface is required that is easy to clean, wood chipboard with a suitable coating is, thickness for thickness, invariably the cheapest answer.

The CPA estimates U.K. consumption for 1975 at 1.35m. cubic metres, and expect a 7 per cent rise in 1976, with consumption passing the 3m. cubic metres mark by 1985. As the material becomes more and more widely accepted and as prices for alternatives continue to rise, wood chipboard could find itself realising this potential much earlier.

Hugh Colver

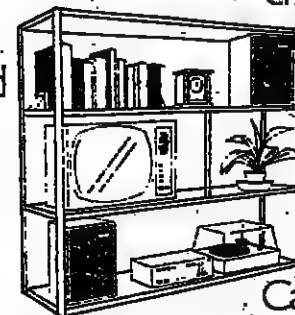


That desk you're sitting at. How well do you know it?

It's almost certainly chipboard. Probably veneered or possibly laminated, maybe pvc foiled, painted or printed but constructed with chipboard.

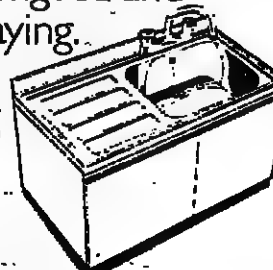
And if it is, it's quite probably Scottish Timber Products' Furniture Grade Caberboard, from the largest, most modern, independent plant in Britain.

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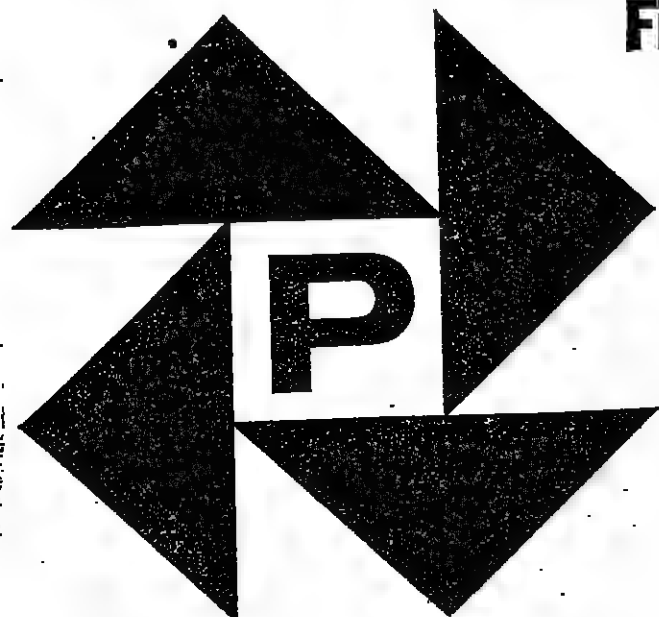
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The Executive's World

EDITED BY JAMES ENSOR

David Bowick explains to James Ensor how he is

Trying to run a railway

THE MANAGEMENT of the railways has taken quite a battering of late. Well publicised estimates of massive and rising losses; fare increases, about difficulties and setbacks to the Advanced Passenger Train have combined to create an impression of managerial incompetence. However, understandable such a reaction, it is unfair to the British Rail team, headed by Mr. David Bowick, which has been struggling intelligently and manfully against almost insuperable odds.

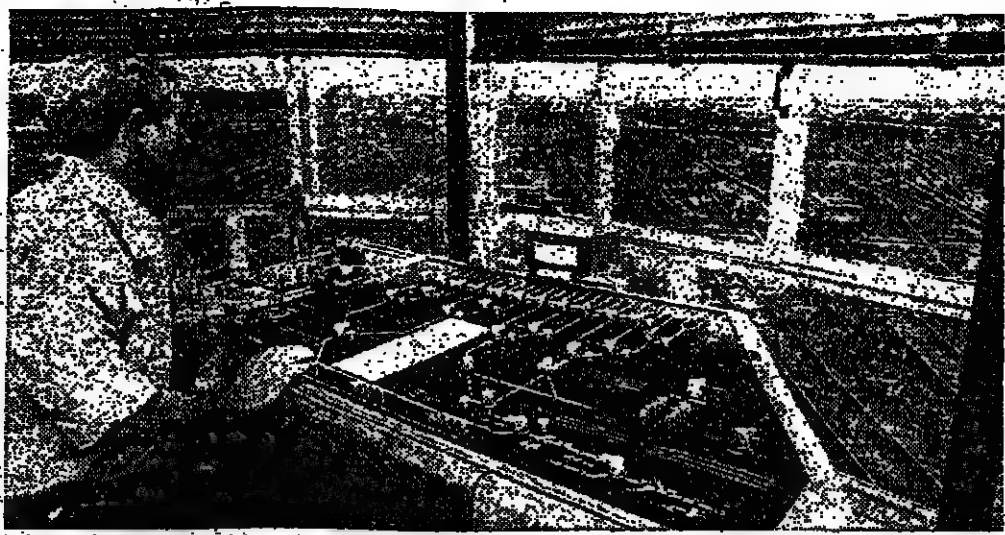
Railways can be made to make money—as the example of the Southern in the United States shows—or they can be made to fulfil a key part in the national transport pattern—as Japan's Tokaido line does. But they cannot do both and satisfy the demand of outlying provinces for a regular train service and of London commuters for cheap travel to work, as well. Too often, the railway management, working under intense political pressure, confronting powerful and rival unions, and operating in a goldfish bowl of public discussion, have been unable to choose one consistent course of action.

This does not mean that Mr. Bowick, a shrewd Scotsman and a third chief executive of British Rail—and as points out a longest-serving to date—has not a plan. Rather, he appreciates the political difficulty of outlining a grandiose plan, which then becomes an Aunt Sally for union leaders and politicians to shoot at. "We are not," he says, "talking into that trap."

Progress in streamlining the railways and adapting them to modern requirements is inevitably slow, not only because of political interference and the need to look after the livelihood of men who have spent a lifetime in the industry, but because progress requires investment of the money has been lacking.

Strategy

With the Government paying \$30m. during 1975 to support a passenger railway and British Rail trying to stem its smothering passenger losses, raising fares by a full 50 per cent during the year, there has been little cash to spare for other services. As Mr. Bowick says, "our interim strategy relies on investment to increase capacity, to improve productivity, to play a bigger part in the National Transport Plan. There should be such a thing as a 'no loss' railway. But he adds: "In the short term, we have had to opt for that it is a blizzard situation and that we have to operate on our cash ceilings." He times "During 1975-76, we set our stall out to contain passenger support at the same level in constant money values." Next year, too, then we must set at least a couple of substantial price increases as the



British Rail should save thousands of wagons by using its TOPS computer to make up freight trains.

Board tries to balance its revenues and its costs on passenger traffic. The more recent price increases have led to some loss of traffic and next year, as the price of railway travel continues to rise in real terms, there must be more. This, of course, gives British Rail a further problem, that its costs are predominantly fixed—with labour accounting for 65 per cent of the total.

The rather modest scheme for rescheduling some trains and withdrawing others—long overdue as a response to changing traffic patterns, particularly on some of the commuter lines—has drawn strong public and union protest. Yet it must, it will do little to solve the railway's dilemma.

Closing down more branch lines and eliminating the duplicating pattern of main routes to the North, the West and to Scotland, built up in the heyday of the competing companies, would save some costs, without much diminution of the services. As Mr. Bowick says: "It is no good sitting here thinking that 'God is a railwayman' and that everything will go in its before. There is nothing sacrosanct about the present state of the railway system and it is arguable that money spent supporting duplicated main routes and peripheral branches might achieve the social and political objectives more economically if they were paid to bus companies."

The peripheral lines west of Shrewsbury, north of Inver-gordon, in East Anglia, and in the far South-West generate and receive very little freight. They have little regular year-round passenger traffic and it is arguable that the summer tourist traffic would be better served by a more frequent bus service. Mr. Bowick accepts that the question of branch lines is a political question. Already MPs representing the outlying regions are banding together to attack British Rail, although no plan for closures has been prepared. But so long as the small interests of minority groups are allowed to overcome rational discussion of the economics of the railway system, BR is unlikely to be really efficient.

Yet cutting out duplication staff by merging the separate geographical divisions and moving more people away from London to new regional headquarters fell foul of union complaints about unnecessary uprooting of staff. Ideally, the Board would like to reorganise its operations on the pattern of Scotland, where one regional office and 41 area offices run the system. Elsewhere there is an additional tier of divisional offices, which are often not appropriate to day-to-day needs. A Western regional headquarters at Cardiff, which is where the workload is, a Midlands region split between Birmingham and Manchester, the merging of separate Southern commuter divisions at Waterloo—all these suggestions make obvious administrative sense.

Mr. Bowick says that he believes in delegating decisions and in setting precise targets and trusting men to achieve them. For too long, the railway's managerial structure has been based on the ideas derived from the competing private railways, without adapting them enough to today's needs. But he claims "We are now operating as one railroad—it has taken a long time from 1945."

It is going to be a long time before anybody points to British Rail as a textbook example of managerial and operational efficiency. Perhaps, the constant interference from Ministers and the difficult labour relations from which the railway suffers, will prevent it ever achieving the efficiency even of other nationalised enterprises like British Airways.

But, at least, the introduction of TOPS, the new thinking on regional and area headquarters, the acceptance that duplicating routes may have to be eliminated and a determination to improve train crew productivity, shows that something is being done. It will be a long time before the achievements make any impact on the rate of fare rises or on the Government subsidies needed to maintain the little used branch lines. But they are a step in the right direction.

Cash Flow Crisis

A BETTER understanding of the ways to monitor and improve cash flows is something which has been mandatory for almost any company over the past 18 months of deepening economic recession.

The British Productivity Council has decided to assist in the promotion of such an understanding by producing a package, built round a 25-minute film which follows the procedures adopted by a case study company to meet the demand of its bank to reduce its borrowings rapidly.

The film, called Cash Flow Crisis, has the added advantage of having been produced in conjunction with a booklet which enables an audience to follow the financial aspects of the case company by means of various statistic such as a balance sheet and budget forecast. In addition, the script of the film is reprinted at the back of the booklet.

The film has been produced in conjunction with the Institute of Cost and Management Accountants and sets out to show how the managing director of the company calls together the key executives to work out how they can best meet a demand to reduce a £500,000 bank overdraft by £150,000 within six months at a time when the company had even been thinking of seeking an increase in its facility.

Among the possibilities discussed between the managing director, finance director and others heading the production, purchasing, sales, management accounting and credit functions are the possibilities of pulling money in from debtors and conserving cash longer by delaying payments to creditors and the dangers inherent in such actions.

Copies of the film can be hired from the Central Film Library, or purchased at a price of £150, plus VAT, from the British Productivity Council.

Nicholas Leslie describes how a group of BICC managers from all over the world have been learning

The gospel from Lake Windermere

TO LOCK AWAY 16 people in virtual seclusion and subject them to a three-week management development course, the schedule for which in the main embraces a 13-hour day is taking a bit of a gamble not only on the resilience of the "students" but also on being able to hold their attention with a sufficiently interesting prospectus.

Mr. Jack Finkler, personnel development manager of the central personnel relations department of BICC, the large cables and industrial group formerly called British Insulated Callender's Cables, feels that success has been achieved with such a course, an opinion which seems justified by the reaction of the course members.

The three-week programme, held at an hotel on the edge of Lake Windermere, in the Lake District, has just finished. Those attending were drawn from the U.K., Canada, Australia, South Africa and Rhodesia. In addition, a senior assignment officer with the Hong Kong Government, seeking to study management services techniques, joined the BICC course.

The structure of the course is a new development for BICC and has been very much the brainchild of Mr. J.A. McCleery, a main Board director and chairman and managing director of BICC International. His instigation of the programme follows on the major changes in the corporate structure of the group which took place at the beginning of the year.

Group

Under those changes, four new group companies were set up beneath BICC Limited, the parent company. They were BICC Cables, BICC Industrial Products and BICC International, together with an existing company, Balfour Beatty and Co., which comprises the civil engineering division. What this heralded, among other things, was a devolution of responsibility and authority "down the line," although with the main group companies operating in accordance with

policy determined by the parent Board.

Of additional significance to the overseas companies was that for the first time they all became embraced under one corporate banner. It is a type of step which many companies have been taking over the past two or three years to give greater recognition to the growing importance of their international operations.

Overseas subsidiaries of BICC already enjoy a considerable degree of autonomy. With one exception in Canada they are not 100 per cent-owned and, in addition to countries already mentioned, are located in Jamaica, New Zealand, Pakistan, Portugal and Spain, with associates in similar locations and also in India and the U.S.

Through the international company they have direct links with the main Board through common directors like Mr. McCleery. While recognising the autonomy, Mr. McCleery felt that there were benefits to be derived from bringing together for the first time within BICC people from different countries to enable a dialogue to be established. This presented the opportunity for information and ideas to be exchanged on all subjects such as management organisation, marketing and technology.

It is clear also that education in the ways of BICC—its philosophy, practice and techniques be they managerial, technical or marketing—was a motivating factor.

But, as Mr. Norman Constantine, chief training officer of central personnel relations, insists, the aim is management development with the hope of broadening the base of those attending the course. "We are not trying to say to them: 'This is BICC U.K. technique, which you must accept and apply.' We merely teach, discuss and give our experience and tell them that 'when you get back to your units you can relate this to your needs.'"

The length and intensity of the course—both somewhat outside the norm—were felt necessary to cover all the points. Each participant was a specialist

and the aim was to make each more aware of other factors and departments involved in running an industrial business like BICC.

Those on the course comprised mainly second-line management. Within BICC that means, on the production side, the production manager who reports to the works manager, who is a first-line manager. In another area, it would be technical and development specialists reporting to the chief engineer. Levels of responsibility vary, depending on the size of units, which range from around 250 to 1,000 employees.

First-line

While there was no deliberate assessment of the course participants, who were selected by their own companies, and they receive no promises as to what they may do next, it seems obvious that the hope exists of their developing into first-line managers.

Another aspect of BICC is its operation of exchange visits by certain personnel to overseas companies—there were four on the course just about to go overseas—and it seems possible that attendance of this type of course prior to an exchange may become a regular practice.

The structure of the course is much in line with developments seen elsewhere in recent years—that is away from long lectures and more into short talks, followed by case studies with group discussion. Much of the sessions drew upon general practice and thinking with the interjection of BICC philosophy and practice.

There were three distinct phases, the first week embracing organisation, management accounting, various aspects of marketing and the uses and potential of computers. Week two dealt with forecasting techniques and the various management planning criteria which can improve returns on plant, manpower etc. Ways of identifying and solving problems to improve returns and how

to determine performance measurements and set targets were then discussed, together with factors determining availability and size of capital grants.

A feature which course members became increasingly aware of was the similarity in a lot of activities and problems no matter what the country. Conversely, in the third week when manpower planning and developing and improving man management performances came up for discussion considerable difference of opinion and attitude emerged on such a currently topical subject as worker participation.

Towards the end of the course the opinion of the participants was fairly consistent as to its value, most feeling that they had benefited considerably. Not all had fully formulated in the minds what practical benefits would result when they returned to their units, but they were satisfied that the company's investment in them should reap a return.

The intensity of the programme caught many of them unawares in the first week and they clearly felt, and reacted to, the pressures. But this was short-lived, a factor which, it was felt, owed something to it being an "in house" course where familiarity enabled them to adapt quickly, which might not have been the case if it had been an external course.

None complained about being virtually shut away—apart from a short week-end (Saturday afternoon and Sunday) and a full week-end from Friday evening to Monday morning when some even managed trips to Scotland and Ireland, that in fact, felt it necessary to have isolation to benefit from the syllabus.

The company is now planning a course for first line managers, an aim which Mr. McCleery had in mind when he first put forward the idea but which presents difficulties in being able to get such senior personnel together for three weeks. It is nonetheless clearly felt that this should be achieved if the system is to realise its greatest benefits.

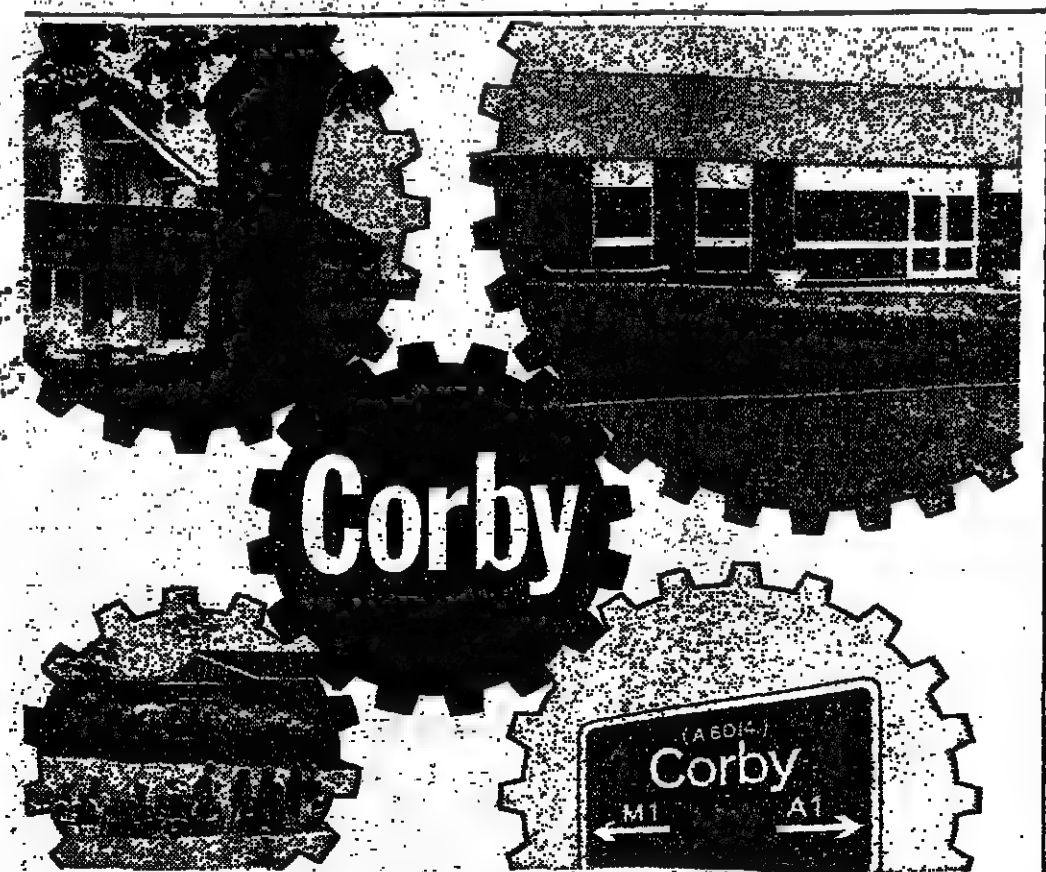
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FRIDAY, OCTOBER 17, 1975

A final chapter in the saga of the Crown Agents

BY MARGARET REID



At yesterday's unveiling of the latest plans for the Crown Agents: Mr. John Cuckney (left), their chairman, and Mr. Reg Prentice, Minister for Overseas Development.

No monopoly power

THE CASUAL newspaper reader may well be puzzled about the cause of the angry debate that has been going on for months past—in Parliament, in the Newspaper Publishers' Association and in the National Union of Journalists—about the need to safeguard the freedom of the Press. Even some of those who have taken an active part in the debate may be finding it increasingly difficult to believe that any of the particular solutions put forward in the course of it are entirely satisfactory. Yet one might have supposed that freedom of the Press was a fundamental right in this country, that all men of good will were anxious to preserve it and would find little difficulty in devising practical means of doing so.

There are two basic reasons why much of the debate has been confused and why no general agreement is yet in sight. The first is that the issue of Press freedom has arisen on this occasion as a by-product of Mr. Michael Foot's determination to wipe out every trace of the previous Government's legislation about industrial relations. The Secretary of State, therefore, has tended from the outset to argue that the NUJ has exactly the same right to organise itself as any other trade union and that it is mere hypocrisy, from the point of view of industrial relations, to suggest that the closed shop should be outlawed in this one case alone. Those who are principally concerned with the issue of Press freedom, on the other hand, have tended to subordinate the organising and bargaining rights of the NUJ to the broader principle of Press freedom.

Freedom of choice

The other source of confusion is that freedom of the Press, though much more than a meaningless battle-cry, is not nearly as simple a concept in practice as is often assumed. The freedom of the Press is much more real in this country than in many others, yet it is precarious and imperfect. There is no Bill of Rights. Proprietors and unions exist in this as in other industries with their own interests to defend. Editors and journalists can be subject to pressures of one kind and another and may be stupid or

Blunt words for the City

THE CHANCELLOR'S Mansion House speech will probably prove something of a disappointment to the City, and may have offended some of his hearers. To an audience worried, as the Governor had said, about the growth of the public sector borrowing requirement, he had nothing new to offer. It is not even, it seems, to be reduced next year, though its growth will be slower, and the Chancellor aims to reduce the proportion of the national income which the Government borrows. Everything is to be left to the restraint of public spending in future years.

Offended

The City may also be offended at Mr. Healey's direct and very unusual criticisms of itself. To tell the City that it should be ashamed of itself for the fringe banking troubles which made it necessary to launch the "lifeboat" or that directors' contracts of service which result in large compensation for loss of office undermine incomes restraint is largely a matter of party politics; the City heard worse from Mr. Heath in his time. However, the Chancellor's criticism of the City's role in financing industry, calling the Institute of Chartered Accountants in evidence, is likely to raise more hackles—indeed, the Governor went out of his way to dismiss such criticisms as "largely misdirected." A Chancellor who is coming to the City for such unprecedented sums may well find himself accused of ingratitude; and when he concludes by asking the City to "join in the NEDO study of industry's investment opportunities and financing needs, he may further be accused of being facetious.

It will be a great pity if an argument develops on these lines, for most of what the Chancellor had to say was sensible, and the bluntness is characteristic of the man. Even his criticism of the City should be

ACCUSTOMED as the City has become to the large losses from the secondary banking and property crises, it had to adjust to yet new records yesterday in digesting the Crown Agents' still bigger write-offs and deficit. The £123m. loss for 1974, and the £133m. of provisions against secondary banking and property assets, producing an insolvent position requiring the confirmation of continued Government backing for the Agents, dwarf even the biggest of recent losses.

Moreover, the warnings of the Agents themselves and the Comptroller and Auditor General, Sir David Pithblado, that further losses may follow—notably in Australia—are a sombre caution that the drastic upheaval at this, in effect, official body is far from over.

One certain point is that the undefined relationship of the Agents—who act for 80 overseas governments—with Whitehall, a nexus already close enough for the Government to have given them an £85m. grant to fend off a financial crisis last December, will be clarified and put on a firm footing.

Incorporation of the 142-year-old body as a public company or corporation is planned, and the degree of its responsibility to, and control by, ministers, will be spelt out. This stage, in prospect following yesterday's Parliamentary statement by Mr. Reg Prentice, Minister for Overseas Development, is being reached none too soon in the opinion of many observers. There will be those to argue that this clarification, and the definition of future Government responsibility, should have happened much earlier, given the nature of the Agents' activities and the Government's responsibility for appointing the organisation's executives.

Energetic action

The process of disengagement from the areas of investment, which became beset with acute problems when the sunny monetary climate of the early 1970s turned stormy, began after industrialist Mr. John Cuckney was appointed chairman last October in place of former Treasury official Sir Claude Hayes. Mr. Prentice said yesterday that he had been impressed by the energetic action taken by the new Board, under Mr. Cuckney, to clear up the problems of the past.

A piquant aspect of the Agents' troubles is the question of whether the Agents had the right to claim repayment of certain of its loans, or whether such claims might be held unenforceable since the Agents are neither a bank nor a licensed money lender. It is true that Mr. Prentice said yesterday that the Government would

introduce any legislation necessary to put the matter beyond doubt. But the fact that the point has been raised—by Mr. Kenneth Cork, particularly in relation to the troubled Stern group, to which the Agents have £40m. of loans outstanding—shows the potential for trouble in the Agents' past investment policy.

The Agents, who carry out investment and purchasing not only for 80 overseas governments but also for many public Boards, have, in effect, acted for some years as a large investment institution. The Agents have handled funds of well over £15m. on behalf of their principals abroad, including various Middle East and other countries. The importance of such activities for Britain abundantly illustrates why the Government made clear last December, and repeated yesterday, its full backing for the Agents.

The Agents' troubles originated in decisions in the late 1960s and early 1970s to adopt an adventurous policy of investment in what then appeared to be the promising areas of fringe banking and property.

This policy ultimately proved disastrous, as did the investments and fortunes of others in the same sectors. However, what does stand out as remarkable is the concentration of the Agents' funds in these areas—some £200m. out of a total of less than £1bn. Moreover, extremely large amounts of the Agents' funds went to a few concerns. In property the main recipients were the eventually troubled Stern group, the English and Continental Property companies and the major Australian ven-

tures which are now the Agents' worst headache. In secondary banking recipients of funds running into millions of pounds included Triumph Investment Trust, at present being wound up, and Burston Group, now in the process of disappearing from the scene.

A feature of the investment policy was that large amounts of the Agents' funds were advanced to relatively few borrowers, in only some of which the Agents had shares (and then often not

CROWN AGENTS' LOANS (£m.)		
Sector	Amount owing	Provision for loss
Primary banks and discount houses	194	—
Secondary banks and financial institutions	55	23.7
Property companies	106	60
Other	33	12
General provision	5	—
TOTALS	388	101

proportionate to their total financial commitment).

The close association of the organisation with some of the major companies invested in was followed by some of the Agents' senior staff later assuming roles in the companies after leaving the Agents.

Mr. Edward Morris, a one-time Crown Agent, became for a time chairman of the now-collapsed Nation Life Insurance concern in the troubled Stern group. Mr. Alan Challis, formerly the Agents' finance director, afterwards became a deputy-chairman of FNFC, in

which the Agents had a 16 per cent. stake. He resigned from this post late last year.

The newly published 1974 accounts of the Agents throw vivid light on the scale of the disaster which built up from the policy of investment in the secondary banking and property worlds. Against £388m. of sterling and foreign money market advances, trade bills and certificates of deposit at the end of last year, provisions of £101m. were set aside for bad and doubtful debts.

Moreover, in an important note the Agents imply that even these provisions may not prove adequate. "The present provisions could be subject to a wide margin of error," says a passage in note 6.

The breakdown of the huge provisions against loans (there are separate provisions of £27m. against the drop in the value of investments) is set out in the table.

Of the £80m. provisions in respect of property companies, £38m. is believed to relate to the Stern group, to which £40m. had been advanced. Mr. Cuckney said yesterday that the very high proportion of the total loan set aside as provisions was related to the "possible lack of security that we have against the advances." Some £15m. has been provided against the Australian property interests of the Agents. Three companies, in which Capital and Counties Property also has substantial stakes, are involved here: Abbey Capital Properties, £38m.; Abbey Orchard Property Investment, and Capital and Counties (Australia). The Agents have completely English and Continental Property at the end of 1974.

Mr. Cuckney said yesterday of the Agents' present policy concerning the English and Continental companies: "We are trying to bring about an orderly run-down of the group. All assets of the group property, and so disposal neither easy nor speedy. Many are fairly well advanced negotiations to dispose of our assets. We have effective management control of the group, with a lot of external consultancy advice on the way down."

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Considerable amount

Of the provisions of £2 which the Agents have against secondary banking, financial institutions, a considerable amount, clearly, is against loans to Triumph Investment Trust and Burston Group, the latter of which had a £9m. to £10m. in advances from the Agents.

Another provision is against the funds committed to Stern Industrial Securities, the company headed by Lord Main, Labour peer and former Mayor of London, in which Agents had a 24 per cent. holding and to which they are approaching £10m. Of position there, Mr. Cuckney said: "That is being wound down under a management committee, steadily and effectively."

Sir David draws attention to a long list of points, and the usual auditors' certificate to these. In particular, however, he comments that provisions made may not be to all that is needed.

Sir David refers to the interest and notes that are continuing costs of financing on unremunerative loans, estimates that £10m. and respectively will be required for this purpose in 1975/76. Sir David also notes the Agents have taken on contingent liabilities totalling £19m. and that these could be added to in various ways.

Great as the toll of the Agents' losses is, it is already from the Agents' venture so deeply into the party and secondary banking fields, it is thus clear that could increase still further.

The ultimate harvest of the foray, whose outcome is the worst losses from secondary banking and property crisis for any single party, has yet to be determined. One thing which is certain is that the Government will stand behind the losses, may emerge: it is the large lodging of the funds with the Agents.

It also appears certain the Agents will be restricted to create a public body, continuing purchasing and possibly financial, activities a form designed to give public accountability and control.

MEN AND MATTERS

Mill Reef colt for Lady Beaverbrook

A new European all-comers record was set yesterday at the Houghton bloodstock sales in Newmarket when a yearling colt fetched 202,000 guineas: the previous record was 117,000 guineas paid in 1971 by Sir Douglas Clague, again at Newmarket. Predictably the record price colt has impeccable pedigree. The sire is Mill Reef, who in his racing career won more than £300,000 and is valued as a stud at £2m., while the dam, Lalibela, won the Cheveley Park Stakes.

However, the bidders involved in the auction are at least as well known as the illustrious parents of the, as yet, unnamed colt. The breeder is millionaire tanker owner Ravi Tikoo, who played the course until the bidding reached 200,000 guineas; but finally dropped out when that bid was topped by Colonel Robin Hastings, who is the senior partner in the British Bloodstock Agency. After his success in the auction Hastings would only say non-committally: "The Mill Reef colt was bought by us on behalf of a company which is in the process of being formed," but apparently behind this company stands Lady Beaverbrook who, if she is footing the bill, has now spent an estimated £2m. on buying racehorses.

Tikoo himself has spent an estimated £2m. on building up his stable, and his willingness to go as high as 200,000 guineas for another horse yesterday seems to put paid to rumours that he is thinking of pulling out of the racing game. Certainly it is an expensive hobby even for the luckiest of owners, and Lady Beaverbrook herself cannot be included in that category. Most of her

costliest purchases have not performed well on the racecourse—with the exception of Bustino. He won last year's St. Leger, and was syndicated this summer for £400,000, a handsome profit over his original price of 12,000 guineas.

The man who notionally stands to make the most out of yesterday's record price is Jim Phillips, the breeder who reared the colt. It cost him £15,000 in stud fees—Mill Reef comes expensive—plus £3,000 to rear the yearling for two years. For a total outlay of £18,000 a sale price in excess of 200,000 guineas is not a bad return, but Phillips reckons that after tax his profit will be virtually nothing.

These commitments he intends to wind down over the next few years, and yesterday he said he would stay at Fitch Lovell for only two more years, and was highly pleased that the announcement of his retirement from BPC coincides with the announcement that his son Jeremy Hardie, is joining Dixon Wilson as a partner.

Willie's EEC

Willie Hamilton is one of those few back bench MPs whose name is synonymous with a cause: in his case, the widely unpopular one of republicanism, now enshrined in his book published earlier this year. My Queen and I. However, at Westminster he does command respect for his knowledge and use of complicated Parliamentary procedures. Just the man, then, to head a new committee which has been formed to overhaul the creaky ways of doing business in the European Parliament at Strasbourg (Hamilton has always been a staunch EEC supporter).

The Conservatives, who led the advance into Europe, have already tried to introduce a number of Westminster procedures, notably Question Time once a week. It cannot be denied that cut and thrust is somehow missing, the whole operation being bedevilled by the difficulties of simultaneous translation into five languages.

First, Hamilton wants a 90-minute question time every day with MPs interrogating EEC

commissioners and representatives from the Council of Ministers from Brussels, where the real power lies. Hamilton also wants Fridays to be the equivalent of Westminster's private members' day when an MP could raise subjects of national or EEC interest. At present, the end of the week is reserved for somewhat listless tidying up discussions, weakened by the fact that many MPs are off home; hard to blame them when the agenda includes, as it does to-day, Turkish hazelnut imports and a proposed Market eel quota.

Hamilton's most engaging idea for Strasbourg is that heads of individual Governments should be asked to address the European Parliament and face questions. Hamilton and Mr. Wilson have hardly seen eye to eye on quite a few matters in the past; would they fall out on this too?

Long ago

Made a change yesterday to be reminded that there were financial crises before property companies, secondary banks and one or two life assurance groups began to suffer. Reg Prentice, Overseas Development Minister, told the Commons that the Crown Agents was neither a licensed moneylender nor a bank under the terms of the Moneylenders Acts. Accordingly, a Bill is to be introduced quickly to ensure that no one gets the idea that "certain loans might be challenged as unenforceable."

Has there been a challenge? Well, yes, said senior Crown Agent John Cuckney later. It was over a £1m. debt and had come from the liquidators of Vehicle and General Insurance. Now, there's a name from the past.

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COMPANY NEWS + COMMENT

Over £1m. growth seen by Martin-Black

WIRE ROPE manufacturers Martin-Black is expecting profits for 1975 to be in the region of £2.5m., compared with £1.4m. last time.

Including an increase in exceptional gains, first half profit has expanded from £711,250 to £1.24m., and despite a current reduction in order intakes chairman Mr. J. E. Arnold will be "disappointed" if second half profits fall below those now reported.

Mr. Arnold says an appreciable portion of first half profits has again risen from overseas interests and from mechanical equipment and engineering subsidiaries in the U.K.

Recent intake of home orders shows a downward trend and this can be expected to continue under present conditions. Offshore and general export trade has continued to expand substantially and, in the aggregate, amounted to more than 80 per cent. of total sales from the U.K. Offshore orders are still being maintained "very satisfactorily" with substantial deliveries scheduled as far ahead as 1977-78.

In general export trade, however, there has been distinct reduction in order intake since the beginning of the year, due largely to the still heavy order load and extended delivery dates, and in part to the downturn in industrial activities in some overseas markets.

Sales and profits of the Canadian subsidiary are well ahead of the budget and the same period in 1974. However, due to current recessionary conditions, order backlog is "a thing of the past" and the second half is likely to suffer until general conditions improve. Despite these problems, dollar earnings from Canadian and other North American subsidiaries for the year should still not be less than the record achieved last year.

First half earnings are stated at 11.60p against 6.51p per 25p share. Treasury permission has already been received for a dividend of 4p net on capital increased by the May share issue, and the directors are paying an interim of 1.75p (1.175p) per share. The 1974 final was 1.485p.

Mr. Arnold says prospects for 1975 are difficult to evaluate. Nevertheless, unless there is further serious deterioration in the current economic conditions at home and abroad, "we face this coming year with considerable confidence."

Although Bridon's half yearly results, published a month ago, were slightly lower at the pre-tax level it was stated that world-wide demand for wire rope remained at high level. Martin-Black is almost totally committed to this sector—unlike Bridon which is being dragged down by less buoyant areas—so better results were expected. Even so, a 14 per cent. jump in first half profits on a 30 per cent. gain in sales must top most expectations. Once again Offshore orders have been extremely strong and indeed are being maintained. However, there has been some recent drop in U.K. orders but then delivery dates were getting a bit stretched. In the meantime the shares at 106p yield 6 per cent.

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Ellis & Goldstein advance

DESPITE A fall in the rate of profit to 10.5p in the six months ending July 31, 1975, Ellis and Goldstein (Holdings) has pushed up its pre-tax profits from £912,403 to £953,580.

However, for the current half-year there is a likelihood that profits will not match the £1.53m. achieved in the comparable period last time.

Chairman Mr. David Cannon explains that there was some slowing down in sales towards the end of the first half; and in the opening weeks of the present term the experience in shops within stores units at home and abroad is of a continuation of that trend.

Every endeavour is being made to improve market share in conditions in which "the reputation established by our brands should stand us in good stead." The group makes and retails women's outer clothing; brand names include Dereta, Eastex, Laura Lee and Dumarel.

Turnover in the first half rose from £11.34m. to £13.14m., comprising wholesale £4.98m. (£4.55m.) and retail £6.15m. (£5.79m.). Net profit was £540,880 (£493,403) after tax £326,000 (£290,000).

Earnings at 1.94p against 1.84p per 5p share. The interim dividend is 0.75p net (0.688p)—in the previous year a final of 0.74p was paid.

The chairman says cash flow and available cash resources are strong. The capital expenditure programme for development and modernisation is continuing and productive resources were fully utilised throughout the half year.

Statement Page 6

INTERIM STATEMENT

Bowthorpe Holdings Limited

Financial Results for the Half Year to 30 June 1975.

"Our optimism for the future continues"

JACK BOWTHORPE, CHAIRMAN.

	Half Year 1975 £'000	Second Half 1974 £'000	First Half 1974 £'000
Turnover	11,689	10,557	10,003
Group Profit before Tax	1,810	1,759	2,249
Earnings	832	812	1,146
Earnings per 10p Share	2.1p	2.0p	2.9p
Dividend per Share	0.611p	0.653p	0.573p

Extracts from the Chairman's Interim Report.

Although the interim pre tax profit is lower than the record achieved in the first half of 1974 the figures show a recovery from the preceding six months.

Interim Dividend payment is the maximum increase permitted by the Government.

Bowthorpe has benefited from the efforts made over the years in setting up manufacturing and sales units in many parts of the world.

Future growth lies increasingly in overseas operations in terms of both exports and manufacture.

Significant new orders and projects underline Bowthorpe's determination to stay in the forefront of technological development and manufacturing ability.

Earnings are shown to be down from 10.5p to 7.6p per 20p share. The dividend is held at 4.7p net with a final of 3.3p.

	1974-75	1973-74
Turnover	12,113	10,508
Investment income	54,729	302,423
Depreciation	36,718	232,258
Development grants	12,222	29,587
Net profit sale int. inv.	79,447	29,587
Profit	2,125,865	2,485,070
Attributable	1,062,109	1,337,731
Dividend	691,396	691,396

Highland is a quarter lower pre-tax excluding investment disposals, and at this stage in the highly volatile recovery in earnings is not going to materialise this year. Sales of new fillings are down something like 14 per cent., and though matured turnover has slipped it has—encouragingly—held up better than for the industry as a whole. At the same time Highland's working capital pressures are mounting. Stocks are 30 per cent. up over the year at just under £10m., and group borrowings are now in excess of £4m., against August 1974 shareholders' funds of £9.5m. At 106p the shares yield 5.5 per cent.—covered 1.6 times.

Progress at Scottish Television

FIRST HALF 1975 advertising sales of Scottish Television increased by 9 per cent. to £2.78m., and pre-tax profits jumped from £88,820 to £123,414.

Revenue since June has been buoyant, report the directors, and all the signs indicate a good second half resulting in a full year profit "well ahead" of the £179,668 for 1974.

Half year 1975 1974
Sales of advertising £2,782,467 £2,444,309
Sponsorship levy 163,441 121,228
Other income 10,409 11,500
Expenditure 2,584,118 2,389,308
New expenses levy 137,412
Profit before tax 123,414 88,820
Now calculated on profits instead of on income.

While advertising revenue advanced, that is a decline in real terms, directors point out. The position was not helped by 19-day stoppage during May and June at a time when the company was expecting a good advance in advertising revenue.

Although the trend of revenue is favourable at present the directors intend to await the effects on advertising of the continuing economic difficulties in the months ahead, and a sympathetic response from the Government on reduction in the levy, before coming to any conclusion about long-term profitability.

In the circumstances they feel it would not be prudent to pay an

interim dividend. The last payment was 1.47p net for 1973.

comment

Scottish Television's 9 per cent. rise in advertising revenue compares with an IASA average of 144 per cent. but until the 19-day strike STV's revenues were in line with the sector. Meanwhile, expenditure has risen by only 9 per cent., and that includes a £63,000 increase in interest charges to £39,000 as a result of borrowings featured in the development of the new £1.5m. studio opened last September. The overdraft now is £1.5m. lower than the £3.1m. of the last accounts, which compared with shareholders' funds (less goodwill) of £3.4m. Since the half-year, advertising in July was above average due to the success of the June studio opening. Scottish also reckons to have taken in a particularly good September. So, the year's revenue to date is probably running better to the sector. How this will translate into full year profit is not so early to tell, but STV seems confident enough even though the burden of interest is not deductible for calculation of the levy. At 106p the market worth is £10.7m.

Upsurge at Harmo to £0.92m.

MANUFACTURERS OF motor silencers etc., Harmo Industries reports sales up by 24 per cent. to £5.51m. for the first half of 1975, and a 47 per cent. leap to £9.92m. in pre-tax profits.

The interim dividend is raised from 0.32p to 0.50p net. Last year's total was 1.07p paid from profits of £1.54m.

	Six months 1975	1974
External turnover	5,307,000	4,283,000
Profit	220,000	62,000
Tax	43,000	23,000
Net profit	177,000	39,000
Interim dividend	104,140	65,228

comment

Harmo's first-half performance—profits 47 per cent. higher on a sales rise of 24 points—seems to owe a good deal to the introduction of new product ranges at higher prices, plus the first benefits from an extension to the storage facilities which was completed last year. The group has also been diversifying outside the motor sector recently by producing a new range of sports goods on the same equipment as used for the Karabere seat covers, and this is also making a useful contribution to profits for the first time.

The group's specialisation in replacement parts seems to be standing it in good stead during what is a difficult period for the motor industry generally, and demand is apparently being maintained at a fairly high level in the second six months. Doubtless first-half earnings will be followed by a similar expectation for the full year and these would cover a maximum dividend, yielding 8.5 per cent. at 20p, 34 times.

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£0.27m. in six months for Ariel

PRE-TAX profit of Ariel Industries finished the six months to May 31, 1975, behind from £283,900 to £272,200 on turnover up from £2,06m. to £2,21m.

The interim dividend is 0.47p (0.44p) on a 25p share, equivalent to an unchanged 0.7233p gross. In line with the statement in the last annual report, it is proposed to change the year-end to March 31.

The current period will thus cover 16 months, and it is intended that a second interim will be paid in April 1976. Net total for the previous year was 1.609p paid from profits of £568,772.

After tax for six months of £112,300 (£139,600) the net balance emerges up from £144,300 to £159,900.

The company manufactures industrial fasteners, light engineering products, etc.

Receiver for N. Macleod

The Bank of Scotland has appointed a receiver for N. Macleod and Company, of Stornoway and Portree, building contractors and one of the largest employers on both islands.

Mr. James Pringle, of Frame Kennedy and Bask, of Inverness, has been appointed receiver.

At present the company has nine contracts for the Western Isles Authority, the majority being for housing.

The 300 employees have been told that the appointment of the receiver does not mean that their employment will cease automatically—contracts will continue if it will add to the fund for payment of creditors' claims.

UNIT TRUSTS

Property Bond Index

The latest handbook published by Money Magazine, Property Bonds, Managed and Property Bonds, contains a new feature—the first index of property bond performance.

The index is an average of the change in the unit prices of the ten largest bonds and allows investors in a particular property bond to compare their performance with the average. It also helps to pinpoint changing trends in property values.



Mr. L. Salner, deputy chairman of Sears Holdings, Sir Charles Clare, chairman.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of spending div.	Total for year	Total last year
Ariel Industries	0.47	Dec. 3	0.48	1.61	1.61
Bellair Cosmetics	Nil	Dec. 3	0.79	2.08(a)	1.31
Bowthorpe Holdings	0.51	Dec. 3	0.57	1.23	1.23
W. Canning and Co.	0.44	Dec. 7	0.44	2.68	2.68
Central Manufacturing	1.06	Jan. 17	1.03	2.17	2.03
Chamberlain Group	0.24	Jan. 8	0.34	1.56	1.56
Ellis and Goldstein	0.75	Nov. 17	0.59	1.43	1.43
Edinburgh Invest.	0.78	Nov. 28	1.7	4.16	4.16
General Scottish	1	Dec. 15	2.6	2.6	2.6
GHP Group	2.45	Jan. 2	2.45	6.72	6.72
Harmo Industries	0.5	Dec. 16	0.53	1.53	1.53
Highland Distilleries	3.3	Dec. 16	3.3	4.7	4.7
Industrial & Gen. Tst. Int.	0.43	Dec. 10	0.42	1.14	1.14
R. M. Lancaster	0.18	Dec. 30	0.18	0.18	0.18
London & Montrose	0.25	Nov. 28	0.25	2.3	2.3
Martin-Black	1.75	Nov. 28	1.17	2.65	2.65
Muir River Rubber	1.41	Nov. 27	1.34	1.41	1.41
Pressac	1.49	Jan. 8	1.36	2.19	2.05
Root Harvesters	0.57	Jan. 8	0.57	1.67	1.67
Scottish Mortgage	0.17	Dec. 8	0.17	2.3	2.3
Slimma Group	1.41	Nov. 28	1.29	1.85	1.85
Stylo Shoes	1.41	Nov. 21	0.28	0.77	0.77
Supra Group	0.31	Nov. 21	0.28	0.77	0.77

Dividends shown pence per share net except where otherwise stated. (a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (c) For 18 months.

Erith up to £0.42m. so far

ON SALES UP by 35 per cent. from £6.03m. to £8.13m., pre-tax profits of builders merchants, Erith & Co. rose from £57,000 to £250,000 in the first half of 1975. Profits for all of 1975 were £741,000.

The chairman, Mr. E. J. Erith, reports that sales for the third quarter continue at much the same level, helped by an improvement in the private house building sector. However, the future remains uncertain and inhibits any accurate prediction of the full year results.

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Supra still sees profit increase

ALTHOUGH first-half pre-tax profits of the Supra Group are virtually comparable at £182,388 against £160,561 they are not indicative of the year's results, the directors say, as during the period the group has been undergoing reorganisation of acquired companies, which has now been completed.

They add that turnover and profitability are moving ahead and, subject only to market conditions, they expect results for the year to end-November 1975 to show a satisfactory increase.

The annual meeting last May was told that a pre-tax profit of £245,000 and £200,000 was anticipated for the year compared with £245,129 in 1973-74.

First-half growth was expected to be between 15 per cent. and 20 per cent. with much faster rate of growth in the second.

First-half stated earnings per 10p share are 1.14p (1.27p adjusted for a 10 per cent. scrip) and the net interim dividend is again 0.2125p payable on the increased capital. Last year's net total, adjusted for the scrip, was 0.7681p paid from earnings of £35p.

Reports are proving to be a major expansion area, the directors report, and already sales substantially exceed all last year's return in this field. Further new products are being developed for this market both in sound insulation and replacement parts—the group makes and distributes motor components, noise control products and paints.

comment

Erith's profits, higher by a fifth on a sales gain of 35 per cent., certainly contrast favourably with the sector average. Possibly this is the benefit of an encouraging level of housing starts, which has revived demand for heavy building materials, and if so the lighter end of the demand for additional working capital, will ensure that no undue strain is put on resources, the chairman says.

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comment

Sears £3m. ahead at six months

A NEAR £3m. increase to £19.2m. in first half (to July 31) profits of Sears Holdings is considered satisfactory by the chairman Sir Charles Clare.

He says the

Bowthorpe turns in £1.8m. at halftime

FIRST HALF 1975 profits of Bowthorpe Holdings have fallen from a record £2.25m. to £1.81m.

But chairman Mr. Jack Bowthorpe points out that they do show an improvement over the £1.76m. achieved in the second half of 1974.

He says the company has benefited from the efforts made over the years in setting up manufacturing and sales units in many parts of the world. Future growth lies increasingly in overseas operations in terms of both exports and manufacture.

Government approval has been obtained for the supply of components for electronic control systems for British military light vehicles. "A major development which will be significant in terms of its contribution to future group profits."

This and other recent innovative projects such as the Fibrocon light optic connectors underlines Bowthorpe's determination to stay in the forefront of technological developments and manufacturing ability. The company's optimism for the future continues, the chairman adds.

Half-yearly results for 1975

Turnover 11,889,197
Profit before tax 1,810,239
Taxation 308,129
Minority 11,781
Dividend 712,744

Earnings are shown at 21p per 10p share against 25p. and the interim dividend is lifted from 0.573p to 0.611p. Total for 1974 was 1.228p from earnings of 4.3p.

comment

Starting the year with a sizeable jump in working capital requirements and a much reduced cash position, Bowthorpe was clearly finding trading tough. In the event a 20 per cent. drop in first-half profits on a 17 per cent. sales gain has a times impact in the previous six months. Losses were incurred on the cassette side against a profit of around £167,000 in the first half of 1974. Indicators in volume must have been very flat for most of the U.K. activities since overseas there was some growth. The trading pattern should be in the same in the current period although there has been some recovery in cassette orders, taking this side to an almost break-even point. Stock values continue to rise but the net cash position evidently remains intact, which is as well for the shares yield a moderate 3.8 per cent. at 53p.

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Strong start by Christie-Tyler

CHRISTIE-TYLER, manufacturers of upolstered and carpet furniture, is expecting the current half-year results to show a "dramatic" increase over the corresponding first six months of last year and for the full year "very satisfactory" results are forecast.

Mr. G. Williams, chairman, told the annual meeting that the company remained in a strong financial position and had several internal expansions either just started or being planned.

"Although I can see high levels of activity in the next few months we must all be aware of the dangers of a fall-back in consumer spending in the early part of 1976," said Mr. Williams.

"However, I think we are justified in expecting results for our year to next April to be very satisfactory."

Meeting Page 13

Bellair turns in £66,000

For the 18 months to June 30, 1975, after an exceptional debit of £63,000 Cosmedes, manufacturers of toiletry and cosmetic products, reports a pre-tax profit of £66,000 against £85,000 for the previous 12 months.

Earnings are given at 1.34p (£104,246 in the first seven months (1.87p) per 10p share. There is of 1975 Mr. W. J. Whithead, chairman.

REPORT

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no final dividend leaving the total for the 18 months at 2.08p net compared with 1.315p for the year previous.

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The Property Market

BY QUENTIN GUIRDHAM

Empty rates ruling may bring relief

The Court of Appeal case of *Ravenscroft Properties v. Newham* London Borough Council may well have shifted the balance of the empty rates argument a long way in favour of the landlord in cases of new buildings and major refurbishments. For all those with near completed blocks and few inquiries, this is one piece of good news in a week when developers needed some. The Street Market, better again yesterday, did not really need the rumours about particular companies to mark the sector down earlier in the week; just thinking about the figures from FNPC and the coming Crown Agents revelation would have been sufficient.

Empty rates, with the spectre of the escalating surcharge beyond, are a potent factor in "forced" lettings. Whether this Tory Government response to Centre Point makes much sense in the present market is debatable. But Ravenscroft's court success looks certain to make it much more difficult for rating authorities to serve completion notices.

By interpreting the General Rate Act 1967 (the Local

Government Act 1974 much extended the council's options and duties on this basis) to mean that buildings have to be ready for occupation rather than structurally complete before empty rates can be levied, the Master of the Rolls has taken a commonsense view. Their lordships were clearly much impressed by pictures of vast concrete floors with no partitions, power circuits but no points, lighting, etc. The old principle that rates were levied on occupied premises was borne in mind by one judge in explaining why he came to his conclusions about what was ready for occupation.

While one of the other cases cited (*Eastwork Homes v. Redbridge London Borough Council* in 1970) specifically mentioned possible abuse—Eastwork won, but the idea that just a few sanitary fittings being placed could render a place unoccupiable was dismissed—it does look as if this week's judgment is going to open up the final stages of construction work to some interesting possibilities.

In this case it was October, 1974 when the council served its notices on the largest (103,000 square feet) of three blocks in the Stratford Centre, London E8. The centre has been developed by Ravenscroft in partnership with the Borough of Newham since the early 1960s. The shopping side—81 shops, five major stores—is very successful, and when the Post Office wanted to take all three office blocks it looked as if councillors and developers would be celebrating before construction was finished.

But the Post Office changed its mind. The surprise tenant for the big block emerged this summer as Morgan Guarantee Trust Company of New York, the first U.S. bank to move East of the City for a major block. The bank said it would take two years to instal all its security and communications facilities. The asking rent was \$6.50 per square foot and it is thought something a little below this was actually agreed along with five and seven year rent reviews.

That letting sets a standard for the other two blocks, 60,000 square feet opposite the Theatre Royal and 28,000 square feet over the high street front of the development. These blocks have also now reached the stage of being structurally complete but unoccupiable state at the moment, says Ravenscroft.

Newham, with a lot of industry moving out of the borough and leaving empty premises behind, is currently getting \$400,000 from empty rates levied at 100 per cent. Where trying to get empty rates from Ravenscroft introduces an odd consideration (though it could not influence the borough's decision to try to enforce them) is that Newham is in partnership with Ravenscroft, there being a guaranteed minimum ground rent to the council, an agreed return for Ravenscroft, and then a sharing of the remainder.

The rating officer's view is that this is a one-off judgment, not a precedent. The dispute continues where it began, at Bow County Court, where on November 13 the borough will again try to serve completion notices on the Morgan Guarantee block.

Welsh Anglicans still in market

The Representative Body of the Church in Wales, which briefly caught the property world's attention with the sale of Bush House in 1972, is still active on a smaller scale. It is not really looking for another Bush House, since that represented a big chunk of its property portfolio when it bought the leasehold for £2.5m. in 1964 and the freehold for £2.25m. in 1971, yet alone when it sold out for £22m. in 1972. That was a happy enough result (though English and Continental, the old company, not the Crown Agents head office, still made a spectacular turn on top of that scale seldom strikes twice for long-term investors like churches.

The Representative Body, separate from the Church Commissioners since the Anglican Church in Wales was disestablished half a century ago, has done well financially through a finance committee astutely led for many years by Mr. David Vaughan, a Barclays Bank director. He retired a year back, Mr. Raymond Cory taking his place. But where Bush House and other successes helped expedite and put us ahead of the indices, "as the secretary says, the Welsh Anglican clerics have lately had to suffer eroded incomes again.

With its agent John D. Wood, the Representative Body reckons it has to be "enticed" into the property at the moment, keeping much of its available funds in the money market. Its property criteria are much the same as a pension fund, except that all investments have to produce good current rent income—"You can't

pay clergymen out of revenue interest." So the latest acquisition, for approaching £1m., is Westmoreland House, Durrington-on-Sea, Sussex (which passed briefly through intermediary hands after Westmoreland Properties sold it for about the same amount). The entire property, containing about 30,000 square feet plus extensive garaging, is let to the Department of the Environment. Initial yield is about 7½ per cent.

John D. Wood has not suggested the church should go back into anything else in Central London since the Bush House sale. But additions have included the Parkwood Shopping Centre in Rainham, Kent, bought for £650,000, Morden House in Bradford, bought for £1m., and the only overseas investment, an office block in Hunter Street, Sydney, bought for \$220,000. Those three deals go back a couple of years, and another Northern office block plus a Hackney warehouse let to Unilever have been other purchases.

Lloyds-Laing Birmingham project

Laing Development has found the answer for its Queens College Chambers site in Birmingham. Agreement has been reached with Lloyds Bank which wants space for 700 in its Overseas Department, for letting a new building of 92,000 sq. ft.

Work starts now on a 12-storey T-shape block to be built between Swallow Street and Paradise Street. It will link with the original Queens College Chambers which is being renovated after standing empty for years. The college, built in 1843-44 as a school of medicine and surgery, was later a theological college

and, since the First World War, offices. It is one of the more interesting Victorian buildings left in Birmingham. The front elevation is on terra-cotta, with a high-plumaged parapet, and the good queen herself surmounts the entrance arch.

Laing has owned the site for more than two years and started talking to Lloyds earlier this year. Construction, which will take another two years, will cost £2m. plus before the bank starts installing its special requirements. Finish of the new building will be in reconstructed stone panels, anodised aluminium windows and tinted glass.

The Midlands Region of John Laing Construction are main contractors; architects, are Watkins Gray Woodgate International; Lloyds was represented by Cheshire Gibson in the negotiations. Laing's agents being Grimley and Son.

OUT AND ABOUT

● The former headquarters of Hill of London, the contract furniture company, has been let. The 5,800 sq. ft. of showrooms and offices at 41, Albermarle Street, fetching £45,000 a year. Thai International Airways has taken the basement, ground, first and second floors, with the top two going to Thailand's Department of Trade.

● The Thesis were represented by Tucker and Co.; Jones Lang Wootton and Barrington Laurence acted for the lessors.

● New office, showroom and warehouse premises on the Battle Farm Trading Estate, Reading have been let to Rascal-Milgo. Close to the asking price of £70,000 a year exclusive was obtained for the 12,350 sq. ft. offices and showrooms, plus 20,000 sq. ft. warehouse. This is the major portion of the Portman House development by

The Financial Times Friday October 17 1975

J. Gant (Builders), with a warehouse unit of 8,500 sq. ft. still immediately available. ● Rascal-Milgo is a joint company of Rascal Electronics and Milgo Electronics of the U.S. Planning consent was obtained for the showrooms to be used as electronics laboratories. Joint sole letting agents are Healey and Baker and Gibson, Eley.

● Ecumenical and international notes from agents Bernard Thorpe, whose Brussels office has been concerned in the selling of the Jesuit Seminary at Heverlee, outside Louvain, to Protestant Belgium Bible Institute for B.Fr.24m. (just under £1m.). It is a seven-storey building of 24,000 square metres, with 220 bedrooms and a separate 4,000-square-metre library.

The Belgium Bible Institute has until now had to rent four houses in Brussels and will now start training 120 student preachers or missionaries at Heverlee. The purchase price, between these trusting people, will be paid by instalments and the Bible Institute is launching an appeal to find the money.

● Meanwhile there will be a period of co-habitation and the Jesuit Fathers will during the next five years move some 400,000 books from the library to their new premises near the Catholic university city of Louvain-La-Neuve.

Thorpe and G. De Waelder acted for the Institute and negotiated many complex temporary leasebacks to the Jesuits.

● Two units on phase one of the Rumsley Trading Estate, Lew Road, Leeds—4 10-acre site being developed by British Land and Severnside Land Securities—have been let through Weatherall, Hollis and Gale and Courard Ritblat to Sheffield Insulations. The two units provide about 20,000 square feet of warehousing and have been leased on a rental based on £1 per square foot a year. The remaining units, unless of Bath.

on phase one comprise 8,000 square feet close to H School, expected to be 40,000 sq. feet of warehousing and 60,000 square feet wholesale and carry which would be to tenants' specifications.

● A new office development, 8,000 square feet close to H School, expected to be 40,000 sq. feet of warehousing and 60,000 square feet wholesale and carry which would be to tenants' specifications. Also, planning permission has been granted for 40,000 sq. feet of warehousing and 60,000 square feet wholesale and carry which would be to tenants' specifications.

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● Vine Cross Invest Warrington, is to try to rather than lease, some units in the former N. Freight Corporation building Jersey Street and Naval Ancoats, Manchester 4, which is modernising: 1,140 sq. ft. being offered this way, a necessary into six units smallest being 1,350 sq. ft. which the price asked is £2 Agents are the Manchester of King and Co.

● C. H. Beazer (Developers) and Ernest Ireland Pro have completed Phase 1 their Broad Quay development overlooking the Avon, on territory in Bath. The six, make up to 15,200 square which have been let to Wessex Water Authority close to £3 per square ft. reviews. This part of the was developed in conjunction with the Abbey Property Fund for which King acted. Joint letting agent Jones Lang Wootton and E of Bath.

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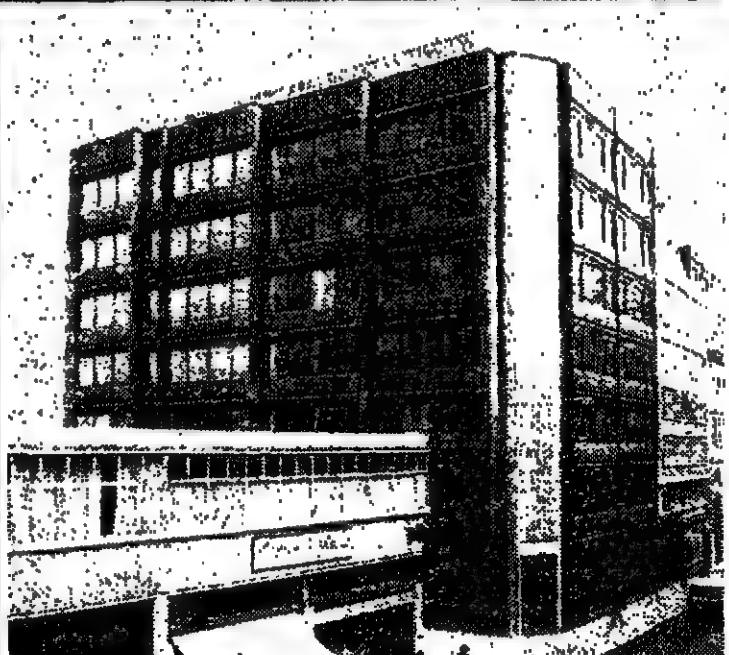
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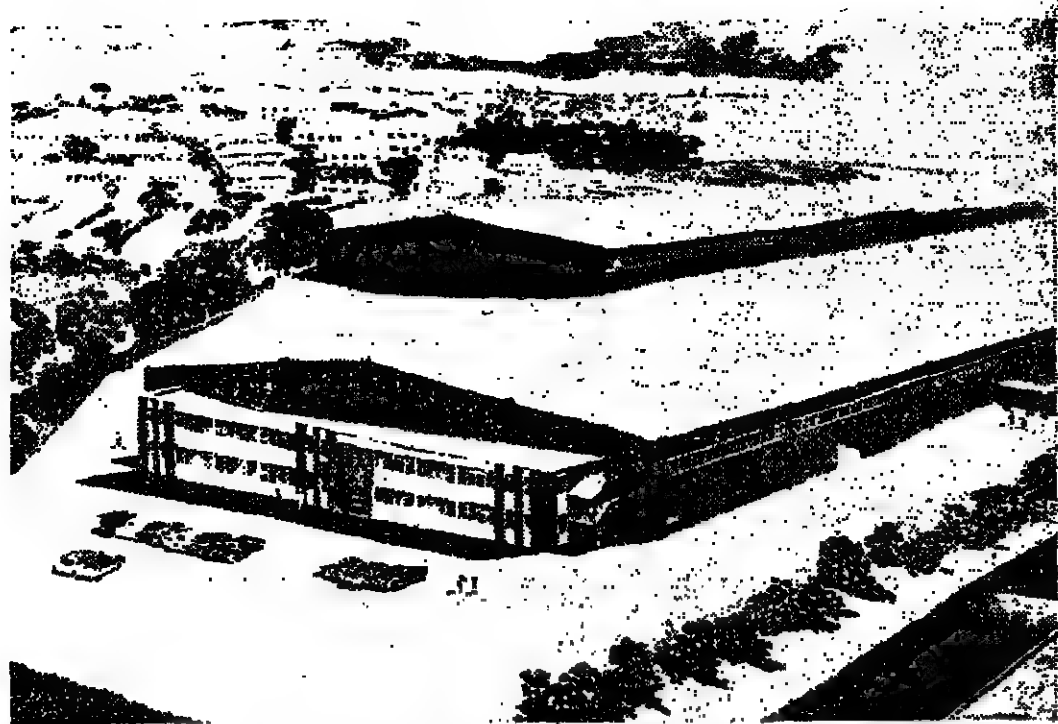
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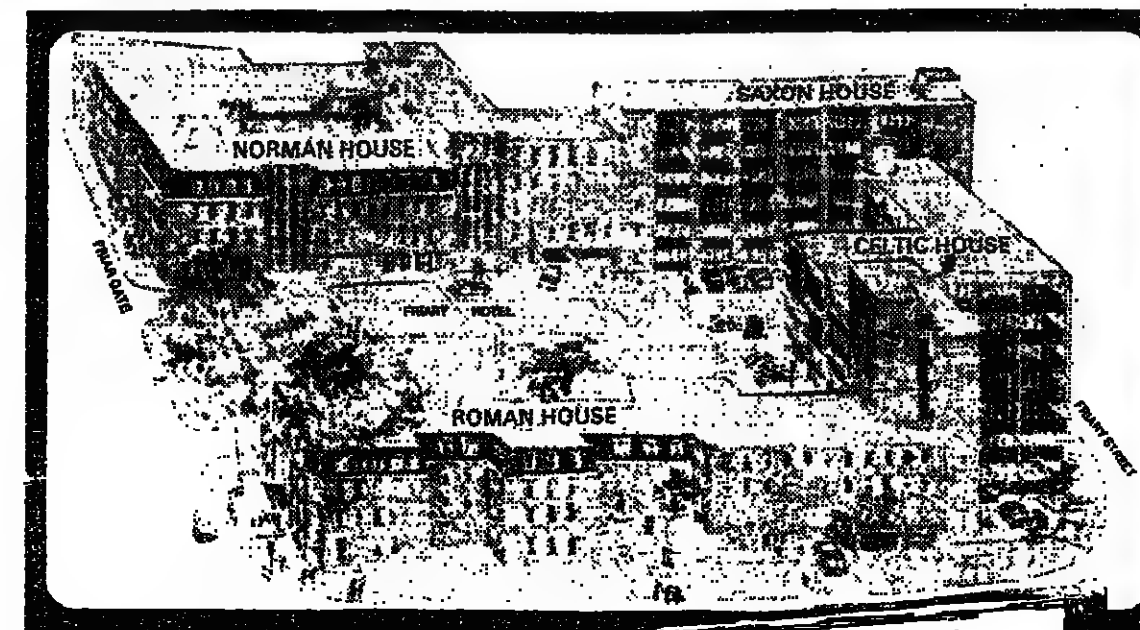
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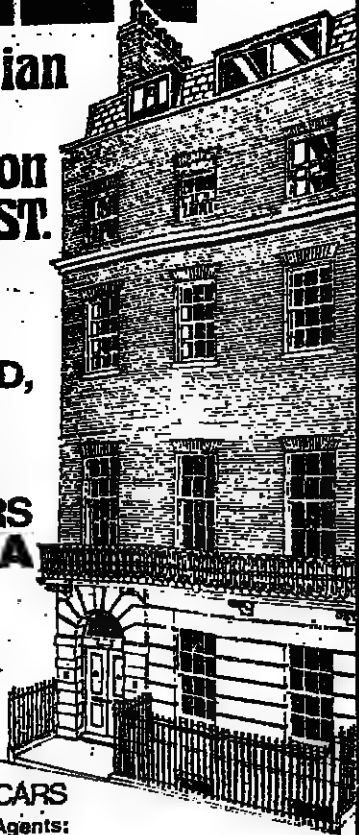
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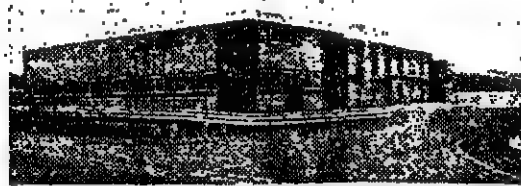
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100 sq ft
100 sq ft
100 sq ft
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Location: 3,000, 5,000, 10,000, 15,000, 20,000, 30,000, 40,000, 50,000, 60,000, 70,000, 80,000, 90,000, 100,000, 110,000, 120,000, 130,000, 140,000, 150,000, 160,000, 170,000, 180,000, 190,000, 200,000, 210,000, 220,000, 230,000, 240,000, 250,000, 260,000, 270,000, 280,000, 290,000, 300,000, 310,000, 320,000, 330,000, 340,000, 350,000, 360,000, 370,000, 380,000, 390,000, 400,000, 410,000, 420,000, 430,000, 440,000, 450,000, 460,000, 470,000, 480,000, 490,000, 500,000, 510,000, 520,000, 530,000, 540,000, 550,000, 560,000, 570,000, 580,000, 590,000, 600,000, 610,000, 620,000, 630,000, 640,000, 650,000, 660,000, 670,000, 680,000, 690,000, 700,000, 710,000, 720,000, 730,000, 740,000, 750,000, 760,000, 770,000, 780,000, 790,000, 800,000, 810,000, 820,000, 830,000, 840,000, 850,000, 860,000, 870,000, 880,000, 890,000, 900,000, 910,000, 920,000, 930,000, 940,000, 950,000, 960,000, 970,000, 980,000, 990,000, 1,000,000, 1,010,000, 1,020,000, 1,030,000, 1,040,000, 1,050,000, 1,060,000, 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10,150,000, 10,160,000, 10,170,000, 10,180,000, 10,190,000, 10,200,000, 10,210,000, 10,220,000, 10,230,000,

Early rally cut back: Index up 0.63 \$ weaker

BY OUR WALL STREET CORRESPONDENT

AN EARLY RALLY, triggered by a reduction in bank reserve requirements, was cut back sharply by late selling on Wall Street today.

The Dow Jones Industrial Average finished 0.63 up at 837.85, after holding an 8 point rise at 835.48 an hour or so before the close. The NYSE All Common Index gained 9 cents to 477.33, while rises led by 847-7.34. Trading volume jumped 4.7m. shares to 18.9m.

The early gain following the Federal Reserve lowering its bank reserve requirements, on 100 Deposits, indicating a further loosening of monetary policy.

However, the Stock Market continued nervous over slowness of the economic recovery and the continuing financial perils of New York City.

In the session, New York State officials advised a meeting without coming up with funds necessary to prevent a debt default by the City on Friday.

Westinghouse lost \$1 to \$13 on 425,000 shares on adverse Press comment on reduced earnings.

Aluminum Company of America slid \$1 to \$36 on sharply lower per share profits for the third quarter.

Aerox gave way \$2 1/2 to \$59, also on reduced earnings. Alexander's slipped \$2 1/2 to \$61 on the unadvised European parties deciding not to make an offer.

United Technologies lost \$1 to \$35 on Ode Elevator's rejection of a takeover bid. Ode slipped \$1 to \$37.

Eastman Kodak climbed \$1 to \$101 on its higher earnings. Bristol-Myers also added \$1 to \$82 on improved earnings.

Polaroid shed \$1 to \$33 despite third quarter per share profits more than double that of the year ago period.

Motor was steady. E. F. Hutton moved ahead \$2 1/2 to \$16 on sharply higher third quarter net. Colonial Stores advanced \$1 1/2 to \$21 on sharply higher 18 week October 4 net.

Traveler jumped to \$13 1/2 to \$14 on a jump in third-quarter net, while All-Chair put on \$1 to \$11 on higher third-quarter net.

The American Sea Market Value eased 0.02 to \$2.55, although advances topped declines by 28 to 276.

Canada Lower With the exception of Golds, which rose 1.33 to 104.49 on index, all other sectors lost ground in quiet trading on Canadian Stock Markets yesterday.

The Industrial Share Index dipped 1.18 to 174.61. Base Metals 0.05 to 73.63. Foreign Oil 0.08 to 150.09. Utilities 0.18 to 121.43. Bonds 0.12 to 262.26 and Papers 0.44 to 103.32.

Canadian Tire A fell \$2 to \$47.10. JAC Petroleum B declined \$1 to \$17.10 and ILMACO gave way \$1 to \$29.10.

OTHER MARKETS

PARIS—Shares fluctuated narrowly in quite busy trading, influenced by the National Statistics Institute's report of optimism for the economy among wholesalers, and also by reports that September Retail Prices will rise 0.8 per cent, after rises of 0.7 per cent in the past four months.

In narrowly mixed Engineering, Generale de Fonderie ended on a first half-year loss. Among foreign shares, American

shares were steady. Dutch issues dropped, Germans moved narrowly. Oils and Coppers were hardly changed, while Golds moved up.

BRUSSELS—Generally higher in quiet trading, U.K. issues were firm, U.K. stocks mixed. Gold Mines rose following the London bullion fixing, while other Foreign stocks were little changed.

GERMANY—Markets opened firm on strong buying but selling pressure set in and stocks finished generally mixed to slightly lower. Banks were weak with Deutsche losing DM2.4. Chemicals and Stores shed an average of DM1. Metals held early gains.

Bonds eased, with the Authorities taking up to DM15.5m. worth of Public Loans.

AMSTERDAM—Narrowly mixed. Banks and Insurance declined, with Enxma Insurance down Fl.2.80. Transportations were steady to fractionally lower.

Dutch Industrials were narrowly mixed. Van Gelder Zonen Paper Mills dropped Fl.5.50 after the petting out of discussions on a possible takeover over.

Bonds were steady to up to Fl.5.30 lower.

OSLO—Market was quiet. O.K. Quality steady. Norwegian issues were narrowly mixed in quiet dealings.

MILAN—Many shares drifted to 1975 and also historic lows, with general selling pressure ahead of

Settlement day finding few buyers. Investors were generally discouraged by the bleak tone of President Leone's Message to Parliament.

All leading Industrials and Financials lost ground. Bonds were a little steadier in quiet trading.

SWITZERLAND—Generally well disposed in somewhat more active trading. Sentiment was boosted by a Schweizerische Bankgesellschaft survey indicating excessive forces in Swiss industry appear to be weakening.

Buying interest centred on Industrial Blue Chips such as Nestle, Sanodex, and Alusuisse. Leading Banks and Financials were mainly very steady.

State Bonds were steady to firm in moderately active trading. Dollar stocks were mixed. Dutch issues steady, while Germans were little changed.

HONG KONG—Lower in increased trading. Hong Kong Bank were down 10 cents to HK\$12.20. Hong Kong Electric 2 cents to HK\$3.40 and Hong Kong and Kowloon

Wharf 10 cents to HK\$10.90. TOKYO—Slightly lower, following profit-taking directed at medium and low priced shares. Volume 200m. (240m.)

Minings, Non Ferrous Metals, Steels, Heavy Electricals and Shipbuilding were lower.

Machinery, Foodstuff and Ceramic issues.

Meanwhile, Light Electricals advanced, as did Department Stores and Shippings.

JOHANNESBURG—Gold shares were higher in active trading on the higher bullion price. Another factor aiding sentiment was the report that the BIF is legally unable to directly sell gold on the Free Market to raise Trust Funds.

Financial Minings were harder, Coppers were mixed.

AUSTRALIA—Major Resources and Industrial stocks were lower as politicians in Canberra grappled with the Government crisis.

Among Coals, Utah dropped 30 cents to \$49.20 and AA Resources came back 17 cents to \$41.65.

In Uraniums, Pancontinental fell 32 cents to \$45.92. Pelco tumbled 20 cents to \$44.10, as did EZ Industries to \$42.80.

Queensland Mines were down 10 cents to \$41.45 and Mary Kathleen were 10 cents lower at \$40.25.

Most Oils joined in the decline, while Base Metal leaders were unsettled.

BHP fell 22 cents to \$47.34. Some Financials and Motors retained their strength.

The U.S. dollar lost ground in the foreign exchange market in early dealings yesterday, and although it improved at times during the day, helped by further support by certain European central banks, the unit was generally weaker on the day.

The recent lower trend in U.S. interest rates and the financial problems of New York depressed the dollar and its trade-weighted average depreciation, since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, on rates widened to 2.16 per cent from 2.01 per cent previously.

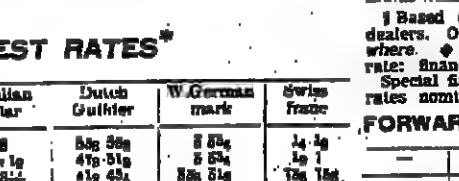
Sterling tended to decline with the dollar and the Bank of England calculation for the pound's trade-weighted depreciation, widened to the worst closing level ever, at 29.8 per cent. It was also at this level at noon and in early dealings.

The pound began at \$2.9540 in terms of the dollar, and after improving to \$2.9575-2.9585, fell to \$2.9580-2.9590 in the afternoon. Sterling closed at \$2.9580-2.9590, unchanged on the day.

Gold rose \$1 to \$134.14, following a report that the International Currency Agreement, as legally barred from selling gold on the open market. The highest level touched was \$144.145, the Kruggerand finished at \$147.149.

\$1.721 in the domestic and international markets. The coin's premium over its gold content narrowed slightly to 3.13 per cent.

GUILDER



SPECIAL DRAWING

RIGHT RATES

One Unit =	Oct. 16	Oct. 15
sterling	0.574982	0.573686
U.S. dollar	1.79000	1.78665
Belgian franc	45.8042	45.8042
French franc	3.05475	3.05475
German mark	5.18055	5.18055
Italian lire	758.500	758.500
Japanese yen	359.166	359.166
Dutch guilder	3.13449	3.13449
Swiss franc	5.17600	5.17600

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Oct. 16	Franklin, New York	Paris	London	Amsterdam	Zurich
Franklin	1.0000	0.574982	0.714601	0.720351	0.703366
Paris	1.73757	1.0000	1.245637	1.250351	1.233006
London	1.40479	0.802351	1.0000	1.005351	0.988889
Amsterdam	1.37500	0.780000	0.994649	1.0000	0.988889
Zurich	1.42161	0.833333	1.011364	1.011364	1.0000

U.S. \$ in Montreal: S.S. \$100 = 73.74 Canadian cents. U.S. \$ in New York: S.S. \$100 = 77.15 Canadian cents. U.S. \$ in Mexico: S.S. \$100 = 16.90 Mexican pesos.

EURO-CURRENCY INTEREST RATES

Oct. 16	London	Franklin	Paris	Amsterdam	Zurich
3 months	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
6 months	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
9 months	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4
12 months	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4

Swiss-French deposit rates short-term 6 1/2 per cent; seven days 6 1/2 per cent; three months 7 1/2 per cent; six months 7 1/2 per cent; nine months 7 1/2 per cent; twelve months 7 1/2 per cent.

Long-term deposit rates short-term 6 1/2 per cent; three months 7 1/2 per cent; six months 7 1/2 per cent; nine months 7 1/2 per cent; twelve months 7 1/2 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5 1/2 per cent; three months 6 1/2 per cent; six months 6 1/2 per cent; nine months 6 1/2 per cent; twelve months 6 1/2 per cent.

U.S. dollar rates for call for sterling, U.S. dollars and Canadian dollars, and two days notice for gold and Swiss francs.

STANDARD AND POORS U.S. STOCK INDICES

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	
Industrial Composite	100.14	99.18	98.12	97.06	96.00
Common Stocks	100.14	99.18	98.12	97.06	96.00
Dividends	6.18	6.24	6.30	6.36	6.42
On Earnings	10.87	10.51	10.15	9.79	9.43

SYDNEY ALL ORD. INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
415.82	415.82	415.82	415.82	415.82

TOKYO NEW SE INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
101.22	101.22	101.22	101.22	101.22

HONG KONG INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
315.43	315.43	315.43	315.43	315.43

SINGAPORE INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
219.10	219.10	219.10	219.10	219.10

EUROPE

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12	
Belgium	100.00	100.00	100.00	100.00	100.00
Denmark	100.00	100.00	100.00	100.00	100.00
France	100.00	100.00	100.00	100.00	100.00
Germany	100.00	100.00	100.00	100.00	100.00
Holland	100.00	100.00	100.00	100.00	100.00
Italy	100.00	100.00	100.00	100.00	100.00
Spain	100.00	100.00	100.00	100.00	100.00
Sweden	100.00	100.00	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00	100.00	100.00

TORONTO

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

MONTREAL

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

JOHANNESBURG

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

AMERICAN SEA MARKET VALUE INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

NEW YORK

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

STOCK

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

BOND

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

COMBINED INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

JOHANNESBURG

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

AMERICAN SEA MARKET VALUE INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

NEW YORK

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

STOCK

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

BOND

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

COMBINED INDEX

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

CANADA

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

PARIS

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

BRUSSELS

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

AMSTERDAM

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

COPENHAGEN

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

OSLO

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

STOCKHOLM

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

VIENNA

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

BERLIN

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

MILAN

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

ROMA

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

ATHENS

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

TEHRAN

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

OTHER MARKETS

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

ARGENTINA

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

BRAZIL

Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 12
174.61	174.61	174.61	174.61	174.61

FARMING AND RAW MATERIALS

Coffee surplus ear

BOGOTA, Oct. 16. PROVED WORLD coffee surplus could eventually lead to production, Colombia's Growers' Federation says, Sr. Arturo Gomez Amillo, warned in a television broadcast here, reports Reuters. Colombia believes coffee will remain at current levels for a more or less extended period, but further on these surplus probably could provide better care of existing plantations and greater output, said.

Coffee output increased as a result of a crisis similar to that of 1957 and 1958 after out of Rio de Janeiro, meanwhile, sources said Spain may buy a coffee from Brazil under agreement made with the Colombian Institute (ICB) week.

Estimates on how much Spain already bought vary from 100 to 180,000 bags of 60 lb each. The sources said, however, that Spain could buy as much as 500,000 bags, and as much as a further 100 bags under the agreement.

Coffee prices rose sharply on London Terminal Market yesterday, with the January price at \$10.75 higher, at \$21.70 a c. There seemed to be no real reason for the rise, it was attributed to increased demand on the New York market.

Cut in Nigeria roundnut crop forecast

WASHINGTON, Oct. 16. NIA's 1975-76 groundnut forecast at 200,000 tonnes (led), 400,000 tonnes less earlier estimates, says a Department of Agriculture report from Lagos.

A 1975-76 crop was affected by a period of heavy rain, a lack of young plants and a lack of farmers did not want to replant were influenced by poor groundnut crops during the last years. In 1974-75 production 160,000 tonnes, compared with 140,000 tonnes, will be at least above the 1974-75 of 93,000 tonnes, the report says.

Forecasts palm oil production in 1975-76 at 500,000 tonnes and with 480,000 the previous year in 1974-75.

Nigerian shipment delay boosts cocoa market

BY RICHARD MOONEY

COCOA PRICES rose again on the London terminal market yesterday with new life-of-contract bids being reached in nearby positions. The March position climbed to \$542 a tonne before finishing at \$538.5, up 28.75 on the day.

Nigeria's port congestion continued to be a major factor in the market. The Nigerian Produce Marketing Company has asked buyers for extensions on cocoa shipments scheduled for July-September delivery as a result of "unprecedented congestion" in the port of Lagos.

"Almost all the cocoa we have sold in the warehouse is being held in the warehouse for reasons beyond our control these vessels have not been coming in as scheduled," a company spokesman said. He added that the NPMCC had received an encouraging response to its request from buyers.

However, it was announced later that Nigeria's supreme military council had dissolved the NPMCC Board. The company's activities would be supervised directly by the Federal Ministry of Trade until the report of an inter-ministerial committee on the marketing board system was received, an official announcement said.

East writers from Geneva: Last-minute efforts are being made here to patch together a new international cocoa agreement, with the midpoint for an indicative cocoa price set at around 47 U.S. cents a pound.

The conference chairman and the UNCTAD secretariat—which has arranged for the conference to be extended to Saturday evening—are trying to bridge the 6 cent gap between the present positions of the consumers and producers.

Copper stocks increase likely

BY JOHN EDWARDS, COMMODITIES EDITOR

STOCKS of refined copper in the Western world are likely to rise in 1976 by 850,000 tonnes to 2.3m, and continue to expand to a total of 3.2m by the end of 1978, according to the first of a series of reports on copper trends issued yesterday by Amalgamated Metal Corporation.

The report, one of the most detailed and comprehensive surveys of Western copper supply and demand, forecasts that production of refined copper will increase by 18 per cent, to 7.3m tonnes in 1978. This allows for mine closures, delays in expansion and mines operating at a rate of less than 86 per cent capacity throughout 1975-76, compared with 81 per cent over the previous 15 years.

It is predicted that consumption of refined copper will rise by 24 per cent, from 1974 to 1978, to 7.2m tonnes, only 100,000 tonnes less than the previous peak of 1973-74.

It is expected, meanwhile, that the ratio of stocks to demand will be more than 40 per cent in the 1975-76 period, representing an average of 4.5 months' supplies, against an average of 1.75 months in 1970-74.

By the end of 1976, the surplus to normal stocks requirements is expected to total 1.5m tonnes. It is felt that extra potential demand from China will be more than matched by increased exports from Eastern Europe, notably Poland and Russia.

Under these conditions, it is suggested, copper prices will not improve by more than the rate of the depreciation in the value of sterling.

But it is pointed out that operating costs for 50 per cent of mine capacity has risen to about \$580 a tonne and for 25 per cent to some \$550 a tonne. In the Western world, there are further cuts in mine and refined production, plus reductions in planned increases, would be needed for a sustainable gain in price.

This could be achieved voluntarily and could lead to prices approaching \$200-\$250 by end 1976, and \$1,000-\$1,100 by end 1978. In the absence of such cuts, low prices could force the closure of more marginal production and an explosion in prices after 1978 to compensate for the years of low prices.

The report adds that disruption to supplies may be further affected by political uncertainties in exporting countries and by renegotiation of U.S. foreign labour contracts in 1977.

U.S. ALUMINUM OUTPUT DOWN

NEW YORK, Oct. 16.

U.S. primary aluminum output in September was 300,450 short tons, down from 308,678 in August, and 308,788 in September of last year, the Aluminum Association said.

Reuter:

New rise in U.S. grain prices

By Our Commodities Staff

WHEAT, MAIZE and soybean prices rose sharply when Chicago grain markets opened yesterday. The increases reflect renewed hopes of an early agreement on a long-term U.S.-Soviet grain deal and lifting of the embargo on U.S. grain sales to Russia.

From Moscow, meanwhile, it was reported that the Under-Secretary of State for Economic Affairs, Mr. Charles Robinson, has returned for more talks on the U.S.-Soviet grain pact.

He was optimistic about reaching an agreement. However, he declined to confirm Washington reports that the pact could be sealed in two days.

Asked whether an announcement could be expected in the next few days, he said "I think, as we proceed, we narrow down our differences, and I'm optimistic. I am very hopeful about bringing this to a satisfactory conclusion."

According to Washington reports, the grain deal—providing for a minimum Soviet purchase of between 6m and 8m tonnes—of U.S. wheat and maize a year—is effectively settled, but disagreements over the wording of an oil agreement have been holding up an announcement.

Big wheat sale to Egypt

By Our Own Correspondent

CAIRO, Oct. 16. EGYPT HAS bought 10m tons of wheat from Australia in a \$150m deal for 1976 and has negotiated in principle a long-term agreement to buy the same quantity for 1977 and 1978. This was announced yesterday by Mr. Abdul Rahman El Shazly, Egyptian Minister of Supply, following a visit to Australia.

Australia is supplying the wheat on a 12-month supplier credit basis at 9.5 per cent interest. At \$12.15 per ton, the deal is worth about \$1.165m for 1976.

The exact value is unknown because of an indexed pricing system which was agreed following Egypt's complaints earlier this year that it was paying too much for wheat.

The year's optimum price of \$240 per ton for wheat delivered when the price of some wheat qualities had dropped as low as \$140.

Under the new price arrangements, the cost will be indexed to the American market in Kansas and will be adjusted every four months.

The Australian Wheat Board minister said the deal was a significant step in the long-term relationship between the two countries, and that it was a proportion of shipment cost being deposited with it before the grain leaves Melbourne.

U.K. AGRICULTURE

Digesting the tied cottage debate

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE GOVERNMENT is now digesting the representations and reactions to proposals announced in August for abolishing the tied cottage system in agriculture. In general these have been predictable.

While deploring the proposals as being unnecessary, the National Farmers' Union and the Country Landowners' Association say that they are against the registration or licensing as suggested by Miss Mordaunt's report to the J. Arthur Rank Foundation.

They would like to see the registration of all houses on farms, whether for workers, ex-workers, widows, farmers and tenant farmers. People in these categories would then have the right to be housed by the local authority should they be unable to find housing for themselves.

The Association of District Councils has declared that its members would need more financial support if they were to shoulder the extra burden of administering the licensing of agricultural houses and providing homes for workers who needed rehousing.

The Association has suggested, as an alternative, that all agricultural tied houses should be leased to the local authority. Farm workers living in them would be protected tenants, as tenants; farmers would have the assurance that houses would be available for their workers in suitable locations should this become necessary.

Some machinery would have to be found to prevent farmers from selling their surplus tied houses outside farming, and leaving it to the local authority to house farm workers who may be needed in the future.

The National Union of Agricultural and Allied Workers has not publicised its reactions yet, but it apparently flatly rejected the licensing idea put forward by Miss Mordaunt. It wants abolition and does not appear to be in a mood for compromise.

At the start of what may be protracted negotiations, this is probably an understandable position. That the NFU and the CLA are looking at ways to make abolition work, while disclaiming the necessity for it, indicates that they are probably reconciled to losing some ground.

Grassroots

Farmers on some district councils have been forbidden to speak of the project during discussions about the extra burden of a ruling on interest by the Department of the Environment. This has now been resolved.

But in general the reports of debates in our local Press show that the main reservations at the grass-root level concern expense, and the danger of people using the licensing system to jump to the head of the housing queue.

Farmers who employ labour (and they probably represent the major proportion of farm output) are becoming extremely worried about the current marketing year, prices will also be influenced by prospects of soyabean output and supplies in 1976.

On soyabean oil, it predicts a relatively more stable price structure for the 1975-76 season than a year earlier. However, the price of crude soyabean oil at Decatur will average considerably less than 30 cents a pound. It is priced now at 21 cents a pound, 20 cents below the level a year ago.

On the outlook for soyabean meal, the Department predicts that domestic usage could climb to about 1m tonnes over last season's level.

Build-up in soyabean stocks forecast

WASHINGTON, Oct. 16.

FORECASTS that the average farm price of soyabean for the 1975-76 season will drop sharply below last season's \$5.50 a bushel during the second half of the current marketing year, prices will also be influenced by prospects of soyabean output and supplies in 1976.

On soyabean oil, it predicts a relatively more stable price structure for the 1975-76 season than a year earlier. However, the price of crude soyabean oil at Decatur will average considerably less than 30 cents a pound. It is priced now at 21 cents a pound, 20 cents below the level a year ago.

On the outlook for soyabean meal, the Department predicts that domestic usage could climb to about 1m tonnes over last season's level.

PRICE CHANGES

Prices per ton unless otherwise stated

the Department notes.

It forecasts that the average farm price of soyabeans, for the 1975-76 season will drop sharply below last season's \$6.50 a bushel. During the second half of the current marketing year, prices will also be influenced by prospects of soyabean output and supplies in 1976.

On soyabean oil, it predicts a relatively more stable price structure for the 1975-76 season

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INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

Index	Oct 16	Week ago	Month ago
FTSE 100	100.0	99.5	99.0
FTSE 250	100.0	99.5	99.0
FTSE 350	100.0	99.5	99.0
FTSE 450	100.0	99.5	99.0
FTSE 550	100.0	99.5	99.0
FTSE 650	100.0	99.5	99.0
FTSE 750	100.0	99.5	99.0
FTSE 850	100.0	99.5	99.0
FTSE 950	100.0	99.5	99.0
FTSE 1050	100.0	99.5	99.0

GOOD PRICE MOVEMENTS

Index	Oct 16	Week ago	Month ago
FTSE 100	100.0	99.5	99.0
FTSE 250	100.0	99.5	99.0
FTSE 350	100.0	99.5	99.0
FTSE 450	100.0	99.5	99.0
FTSE 550	100.0	99.5	99.0
FTSE 650	100.0	99.5	99.0
FTSE 750	100.0	99.5	99.0
FTSE 850	100.0	99.5	99.0
FTSE 950	100.0	99.5	99.0
FTSE 1050	100.0	99.5	99.0

ISTORY TODAY

Edited by Peter Quennell and Alan Hodge

October issue includes:

ROMAN MELVILLE AND ATLANTIC
Charlotte Lindgren

THWELL: THE LAST EXILE
Derek Severn

R. MAUDSLAY: VICTORIAN
J. A. Boutilier

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FINANCIAL TIMES

Friday October 17 1975

BELL'S
SCOTCH WHISKY
There we go

Wilson insists again on seat at energy talks

By MALCOLM RUTHERFORD

MR. HAROLD WILSON is understood to have repeated the British claim to a separate seat at the consumer-producer energy dialogue in a personal letter to Chancellor Schmidt of West Germany, but is thought to have been conciliatory in other areas. The dialogue is scheduled to begin in Paris on December 16.

It was partly the British claim to its own representation at the dialogue which led Herr Schmidt to set down his own thoughts on the current state of the European Community in letters to follow heads of Government at the end of last week. Other factors, however, included West German anger at rising Community expenditure, especially on the common agricultural policy, and it is in this area that Mr. Wilson is likely to have replied sympathetically.

On the dialogue the British position remains that as a future major oil producer Britain's interests are fundamentally different from the rest of the Community and is therefore entitled to a seat in its own right. Although most observers continue to think that the Government will back down in the end, there has been no sign of any yielding in official statements and the issue may actually have hardened.

Theoretically, the issue does not need to be resolved until December 15—the eve of the opening of the dialogue. By then there will have been plenty of opportunity for high level exchanges, including the two summit meetings—the six power economic summit in France next month and the Common

Market summit in Rome at the beginning of December.

Community Foreign Ministers will also discuss the subject when they meet quietly at Lucerne in Italy, this weekend.

On agriculture, Mr. Wilson appears to have emphasised that the time has come for a thoroughgoing attempt at controlling costs. This could be started at the meeting of Community Farm Ministers at the end of this month which is due to resume the stock-taking of the common agricultural policy. This point was already made strongly in a Parliamentary answer by Mr. Joel Barnett, Chief Secretary to the Treasury, on Wednesday.

Tory motion

Richard Evans writes from Strasbourg: A motion drafted by Mr. Peter Kirk, leader of the Conservative group in the European Parliament criticises the British Government's demand for a separate seat at the energy talks, which was accepted by the Parliament.

The fragile unity of the Socialist group was badly split during an angry debate on the matter. To the dismay of their West German and Dutch colleagues, five Labour MPs abstained on a Socialist resolution calling for the rapid establishment of a common Community energy policy.

It is potentially a most damaging division for the Socialist group, now the largest in the Strasbourg Parliament, which has previously been extremely cohesive under West German leadership.

The split, which came at the end of a brief but acrimonious emergency debate on the attitude of the British Government toward North Sea oil reserves, was a fundamental one between the Social Democrats and the British Labour pro-Marketters who urged a united energy policy and Labour anti-Marketters who argued forcefully in favour of a separate nationalistic energy policy for the U.K.

In the end the Socialist resolution was rejected and Mr. Kirk's compromise was accepted. It criticised the attitude of the British Government by implication, but it did not name Mr. Callaghan, the Foreign and Commonwealth Secretary. It argued that a separate representation could present a threat to a future Community energy policy.

The Christian Democrat resolution which sparked off this week's row by attacking the British Government and Mr. Callaghan so openly was withdrawn at the last moment but not before the attack had been pressed home with vigour by Christian Democrats, Liberals and Gaullists.

Earlier in the day there had been an angry private discussion within the Socialist group when it became apparent that a split was unavoidable. By all accounts the West Germans and the Dutch were shocked at the violence of the passions displayed by the British pro- and anti-Marketters. The five MPs who declined to support the Socialist group resolution were Mrs. Gwyneth Dunwoody (Greenwich), John Prescott

(Hull), John Evans (Newton) and Bob Mitchell (Southampton). All except Mr. Mitchell were anti-Marketters in the June referendum.

The debate brought to the surface many of the pre-referendum anxieties held in Europe about Labour's real commitment to the EEC, and three of the Labour MPs who spoke expressed forcefully their continuing opposition to Common Market membership and to any form of Community energy policy.

Patience urged

Mr. Michael Stewart, leader of the British Labour group and former Foreign Secretary, set out the difficulties facing the Government as Britain moved from being an oil consumer to an oil producer.

These problems would have to be worked out with patience and understanding, he argued, and in his view the Parliament did itself grave damage by indulging in personal abuse.

The attack on the British Government's attitude was particularly regrettable because it might still be possible to reach an agreement among the nine before the December talks. He was not necessarily predicting this, but representation still had to be argued out.

Mr. Tom Norrington for the Conservatives, although not attacking the British Government, it was essential to achieve a Community approach to energy questions. To take any other view showed "a dismal example of political myopia". Energy dialogue discord, Page 6

IMF split on gold sale dilemma

By Paul Lewis, U.S. Editor

WASHINGTON, Oct. 16.

THE IMF Executive Board is now deeply split over the difficult problem of how to sell the one-sixth of its gold stock which Ministers agreed in September should be used to raise additional aid for the developing world.

All member countries accept that under existing rules the fund may only sell its gold to members at the official price of \$42.2 an ounce, or less than one-third of the actual free-market price at the moment.

But there is disagreement over the best way of ensuring the IMF receives something closer to the free-market price during the sale, or so likely to wipe before the rules can be changed to permit it to sell freely on the market—as members have agreed in principle that it should be allowed to do.

Transferred

Most members believe that the IMF initially should use the gold to replenish its stocks of currencies like the German mark and the Japanese yen, of which its present holdings are below 75 per cent. of quota. The gold would go directly to the country concerned in exchange for currency at the official price.

But the Americans would like to see the gold then immediately transferred by the Government to the new IMF trust fund which since it is not subject to IMF rules, could sell it on the free market. This would both raise development finance and contribute to gold's demonetisation.

However, other countries more anxious to preserve gold's monetary role are pushing alternative schemes: one idea is that the trust should only sell the gold slowly over a ten-year period, borrowing development finance against its holdings in the meantime. This would avoid the danger of a precipitous collapse in the free market price when the fund started selling.

Alternatively, the central bank might agree to hold the gold it received from the IMF in its own reserves, paying the fund an official price but making an additional payment into the trust fund in line with gold's free market value.

In this way the gold would remain in the monetary system with the developing countries still getting a sizeable quantity of aid as a result of its sale. It is also possible that the Bank for International Settlements at Basle might be called upon to buy gold from the trust fund and hold it for monetary purposes.

The Chancellor is expecting that gifts will look "more attractive" when the rate of inflation slows down next year, but his speech last night was not what the gilt market optimists had been looking for during the afternoon. Public spending cuts are ruled out for the immediate future and the borrowing requirement will continue to grow—if more slowly. Recent moves to push up interest rates have provided a demonstration of his readiness to use "various methods" to control monetary conditions. For the private sector, some kind of rationing of credit is foreshadowed.

Crown Agents

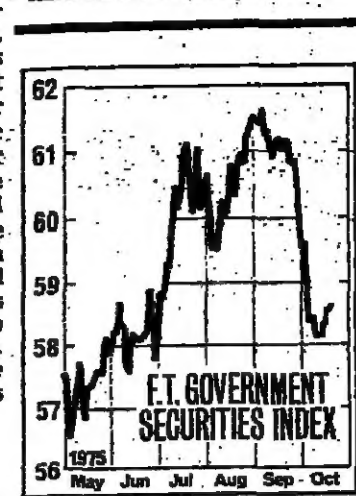
Even by the standards of other lenders against property the Crown Agents have proved alarmingly accident-prone. It is now possible to compare the provisions of the major bankers to the property sector during the 1971-73 boom. Thus UDT, with one-time property-linked outstandings of some £180m, has written off 15 per cent, as well as undisclosed but clearly substantial rolled-up interest. Of FNFC's non-consumer lending totaling £281m, almost 40 per cent, has been subject to provisions, and a similar proportion of Keyser Ullmann's £295m gross advances has been written off. In both these latter cases part of the provisions reflect future interest which is unlikely to be received.

Now we have the Crown Agents, with a total end-1974 money book of £388m, against which the provisions are £101m, or 26 per cent. Half of this lending was to "primary" banks—perhaps a somewhat retrospective definition—so it follows that more than half the cash deposited with property companies (£106m) and secondary bankers has been written off. Moreover, no allowance has been made for the possibility that interest will not be received on advances of £186m, which it is said will cost some £19.4m annually to fund. Consolidated losses of the Crown Agents are likely to be a further £11m-£14m for 1975, before crediting interest accruing on the £85m Government grant.

The imminence of the Crown Agents' accounts may serve to explain the bout of nerves suffered by property shares this week. Sure enough, a £10m difference of opinion is revealed at English and Continental. Much more significant for the stock market, however, is a further glimpse of the disasters in Australia. The Agents have written off all their equity investments in three Australian companies in which Capital and Counties also had interests, and report a possible liability to advance up to £36m, extra to complete developments, making a total commitment of £59m. This would mean further heavy write-offs.

The speculation now switches to Anglo-Thai. Incheape has increased the equity in its offer for Anglo-Thai by 81 per cent, underwritten the package, and secured the irrevocable agreement of Estates House Investment Trust which controls just over half the votes. So that, more or less, is that. Anglo-Thai feels that it has had the rug pulled from under its feet. But any third party has had plenty of time to show his hand, and the cash alternative—worth 131p per share against 102p in the market before the battle started—satisfies EBIT's stated objective of liquidating its big strategic holdings. The probability that it would want to place its entitlement, equivalent to an eighth of Incheape's current equity, is one obvious reason for the latter's weak share price—down another 19p to 81p yesterday. But the underwriting apparently went reasonably smoothly, at a discount of 15 per cent to yesterday morning's price, and the bid has a very favourable impact on Incheape's balance sheet.

Index rose 6.0 to 348.4



to EBIT itself. Slater was controlling an effective 20 cent, is too small these days as a predator on its own after this deal EBIT may cash of nearly £20m, and not selling on that must premium to the investment sector.

Sears Holdings

Sears Holdings' interim report provides little guide to the full-year outcome. 71 month results are certain up to expectations with a tax rise of nearly 12 p to £16.9m, excluding a surplus on loan stock transactions. The retailing in all achieved sizeable gains, while William Hill than doubled its profits to £1.4m by comparison with a pre-1974-75, and £6.0m produced an initial £438.0 interest. The exception engineering, £1.4m, down the U.S. division, hit recession.

But the pattern could ferment in the second half trading in both footwear department stores, over fifth of pre-interest profit described as "quiet" as it should be well into the second half of the year. Signs of a pick-up in the machinery orders, have an effect on the overall, the rate of growth is lower in the current prospective yield of 7.4 p and p/e of around 10, outlandish, however, given the potential in engineering, which made nearly 1972-73.

Norsk Hydro

Unchanged last year Norsk Hydro's profits are a decline in 1975-76 as initial contribution from worth over Nkr100m, operating level. The operating total was Nkr100m, the message is that the traditional earnings, oil, is now shifting. But this year Norsk is also absorbing a very large borrowing costs, generation came to the capital investment, and this year it could be as low as an eighth. Sea spending reaches a Nkr310 the shares are cent. below their 1973 level.

Talks over jobs risk at Swan Hunter

By Our South Shields Correspondent

THE SWAN HUNTER shipbuilding group made its first official statement yesterday on its talks with the Government over the difficulties surrounding its Swan Maritime tanker building programme and the potential risk to jobs in the Tyne yards.

Mr. Tom Melver, group managing director, said the talks with the Department of Industry had been requested by Swan Hunter because of its vulnerability arising from the world slump in the demand for tankers. The Swan Hunter order book, he said, was heavily dependent on this type of tonnage.

The need for the discussions with the Department of Industry had arisen because the construction of a particular ship was due to commence and the owner, having been unable to secure employment for the vessel, had expressed his doubts about its ability to continue with its construction.

Mr. Melver stressed that, to date, there had been no cancellations of contracts, but in view of the possible effect to employment and the proposed nationalisation of the industry, it was essential that the Government be made aware of the position. Swan Hunter later refused to enlarge on Mr. Melver's statement or to define the tanker referred to.

Better news, however, appears to be in prospect. It seems fairly certain that a much-heralded order build two Type 42 missile destroyers for the Royal Navy will be announced for the group by the Ministry of Defence before the end of the year.

There is also a strong possibility that Swan Hunter will be asked to build off another missile destroyer, the Cardiff, on which work has been suspended by Vickers at Barrow. The vessel could be towed to the Tyne in the next few weeks.

Vickers said it was "premature" to talk about Cardiff coming to Swan Hunter for fitting out but admitted there had been talks about the future of the vessel on which work was stopped in the early summer because of a shortage of skilled labour.

Associated British Foods cuts bread by 1/2d.

By DONALD MACLEAN

ASSOCIATED BRITISH FOODS, one of the country's largest bakers, is to cut the price of its standard 28 oz. bread loaf by 1/2d to 16p from Monday.

However, a warning that cuts in the price of bread were likely to be short-lived was given yesterday by Mrs. Shirley Williams, Prices Secretary, in view of "certain cost increases in the pipeline which may necessitate a price increase in the winter."

Bread companies have been informed that, under the Price Code, they are free to make similar reductions to that of Associated British Foods.

Steps are being taken to amend the Bread Prices Order to ensure that price cuts are fully passed on to the consumer.

The price cut by Associated British—which the company expects others to follow—is made in conjunction with a packaging switch from waxed paper to plastic designed to meet "initiation of competitors."

While accepting that "improving heavy cost increases" including higher wages for salesmen, drivers and bakery operators, would impose pres-

sures on the industry by the end of the year, ABF said yesterday that it would "hold the new price for as long as it can."

Mr. Garry H. Weston, the chairman of ABF, said that the price cut was due to the improved efficiency of the company's bakery division, Allied Bakeries, which includes Sunblest bread in its products.

Mr. Weston accompanied the announcement of the price cut with an attack on regulations which prevent making a reduction without Government approval. Under the provisions of the Bread Subsidy Scheme, variations in selling prices require prior approval of the Prices Secretary.

The rule, Mr. Weston said, was "ridiculous and tiresome evidence of how completely the industry is barred from competing on price to the benefit of the public."

Instead, the industry could only rely on trying to gain or maintain trade through elaborate and expensive marketing initiatives, which are of no price benefit to the public, and which no one would care to start, given

price flexibility in the industry."

This, he added, was at a time "when the major concern of all of us should be to hold down costs and prices."

During recent discussions, ABF had been "absolutely dumbfounded" to be told by the Government that it would not allow bread wrapped in waxed paper to be sold more cheaply than bread in plastic bags, even though the cost of producing it was much less for most bakers.

Among the reasons for the price reduction by ABF, it was said last night, was the necessity to comply with the provisions of the Price Code. The company's profits had been running on a course threatening to breach its profit reference levels.

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Shell and Esso discuss plan for ethylene venture

By RAY DAFTER

SHELL and Esso are in serious discussion over the possibility of a joint venture to build a petrochemical plant based on North Sea feedstock.

The venture, if sanctioned, could cost between £150m. and £200m. The two companies are evaluating a joint project for building a large ethylene complex of 350,000 to 500,000 tons a year capacity, fed by natural gas liquids from their Brent Field.

The Government and other chemical groups, including ICI and BP Chemicals, have been party to some of the talks as it is possible that produce from the plant would be fed into the U.K. ethylene pipeline grid.

If this is to be the case a pipeline would have to be built from the North East of Scotland—the likely site for the plant—to BP Chemicals' complex at Grangemouth. The BP site is already being linked to a joint ethylene plant under construction by ICI and BP at Wilton, Teesside. The Teesside complex is linked, in turn, with ICI's production unit at Runcorn which, again, is connected to Shell sites at Carrington and Stanlow.

It is far from certain at this stage, however, whether a pipeline would be included in the venture. Other possibilities include the export by tankers of ethylene or its derivatives to continental chemical works, or the development of downstream processes on the Scottish site.

The Shell-Esso exploration group expects that by 1979-80 the Brent Field could be producing at least 1,500 tonnes a day of ethane, a natural gas liquid which is an ideal feedstock for an ethylene plant.

The group has not yet said whether the ethane would be used as a chemical raw material or as a fuel. Indeed, it is quite possible that the ethane could go to both in a linked venture. This idea is being evaluated by at least one international chemical company, quite apart from Shell and Esso.

Neither Shell nor Esso is commenting on possibilities of a joint ethylene scheme; at this stage of discussions an announcement would be premature anyway. But Mr. Gerard Fairclough, managing director of Shell Chemicals U.K., told staff last month that in spite of the current recession there were prospects of a major investment decision being taken next year.

If the plant is to come on stream around 1980, to take advantage of the Brent production of ethane, a firm decision would have to be taken by the prospective partners next year.

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Continued from Page 1

Chancellor rules out early reflation

was the size of the public sector borrowing requirement. "Until its growth can be halted and then reversed, we shall need to exercise special vigilance in our monetary management. The alternative of readily accommodating a further acceleration in monetary growth must, I believe, be rejected."

Mr. Healey emphasised that he would not want to see the growth of money supply exceed the rate at which money GDP was increasing "over any sustained period."

But the Chancellor did not give the impression he was thinking of any early action, on this front. He put the prospect of "further restraint" in the context of the economy's move out of recession, when the

demand for credit would revive. Mr. Healey implied that some use of quantitative controls might be necessary at that stage, saying the aim was to ensure that "within any general restraint which may prove necessary, credit remains available to priority needs, notably the financing of exports and industrial expansion."

While saying "nothing can prevent this winter from being a hard and painful one for millions," the Chancellor said there should be a "fairly rapid recovery in the world economy and world trade" next year, although there were still dangers of "further restraint" in the context of the economy's move out of recession, when the

people were already covered by wage settlements "within the £5 limit," including "a substantial number" who had renegotiated agreements which would otherwise have conflicted with the limit. The monthly rate of price increase had slowed down, although dramatic reductions in the year on year rate would not appear "for some months."

The Chancellor emphasised the need for the U.K. to win and retain the confidence of "consumers and investors at home and abroad."

He gave a new 1975 balance of payments forecast of "under half" the £30bn of 1974, and said export prices, as a result of the depreciation of sterling, were

now more than 10 per cent. more competitive than in June, 1972.

When the pound started floating, But the depreciation of sterling had made inflation worse.

In future we must maintain our competitive advantage by restraining domestic costs. Only if we can do so shall we be able to take full advantage of the recovery in world trade."

In the meantime the Chancellor said he was confident the balance of payments deficit could be financed "for as long as it persists." In this context he made particular reference to the "substantial facilities in the International Monetary Fund," including "the enlarged oil facility which I take some pride in having helped to establish."

Weather

U.K. TO-DAY DRY in most places. Showers in E. England and N. Scotland.

London, East Angles, E. S.E., N.E. England. Bright after fog and frost.

Showers, near coasts. Wind E. light. Max 12C (54F). Cent. S., S.W., N.W., Cent. N. England, E., W. Midlands, Channel Is., S. N. Wales, Lakes, Is. of Man, S.W. Scotland, N. Ireland.

Early frost, fog. Bright intervals, showers. Wind variable. Max. 13C (55F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray Firth, Argyll, N.W. Scotland.

Frost and fog at first. Dry, becoming cloudy. Wind E.-N.E. light. Max. 11C (52F).

N.E. Scotland, Orkney, Shetland. Cloudy, wet. Wind N.E. light. Rather cold. Max 9C (48F).

Outlook: Mostly dry, occasional rain in S.W. Lighting up: London 18.36, Manchester 18.41, Glasgow 18.44, Belfast 18.54.

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